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Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

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Adoption of the outcome document of the Conference

Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

Draft resolution submitted on the recommendation of the Main Committee

The Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,

Having met in Doha, Qatar, from 29 November to 2 December 2008,

1. *Adopts* the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, which is annexed to the present resolution;

2. *Recommends* to the General Assembly that it endorse, during the main part of its sixty-third session, the Doha Declaration on Financing for Development as adopted by the Conference.

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Annex

Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

Introduction

Reaffirming the goals and commitments of the Monterrey Consensus

1. We, Heads of State and Government and High Representatives, gathered in Doha, Qatar, from 29 November to 2 December 2008, almost seven years after the landmark International Conference on Financing for Development,[1] held in Monterrey, Mexico, reiterate our resolve to take concrete action to implement the Monterrey Consensus and address the challenges of financing for development in the spirit of global partnership and solidarity. We once again commit ourselves to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system.

2. We reaffirm the Monterrey Consensus[2] in its entirety, in its integrity and holistic approach, and recognize that mobilizing financial resources for development and the effective use of all those resources are central to the global partnership for sustainable development, including in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals. We also reaffirm the importance of freedom, peace and security, respect for all human rights, including the right to development, the rule of law, gender equality and an overall commitment to just and democratic societies for development, as spelled out in the Monterrey Consensus. We reiterate that each country has primary responsibility for its own economic and social development and that the role of national policies, domestic resources and development strategies cannot be overemphasized. At the same time, domestic economies are now interwoven with the global economic system and, inter alia, the effective use of trade and investment opportunities can help countries to fight poverty. National development efforts need to be supported by an enabling international economic environment.

3. We recognize that the international context has changed in profound ways since we met in Monterrey. There has been progress in some areas, but inequality has widened. We welcome the substantial increase in public and private flows since 2002, which has contributed to higher economic growth in most developing countries and a reduction in global poverty rates. Yet we express our deep concern that the international community is now challenged by the severe impact on development of multiple, interrelated global crises and challenges, such as increased food insecurity, volatile energy and commodity prices, climate change and a global financial crisis, as well as the lack of results so far in the multilateral trade negotiations and a loss of confidence in the international economic system. While acknowledging the response of the international community to these crises and challenges to date, such as the High-level Conference on World Food Security, held

[1] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7).

[2] Ibid., chap. I, resolution 1, annex.

in Rome from 3 to 5 June 2008, and the recent Summit on Financial Markets and the World Economy, held in Washington, D.C., on 15 November 2008, we are determined to take immediate and decisive actions and initiatives to overcome all these obstacles and challenges through achievement of people-centred development and to devise important measures for the full, effective and timely implementation of the Monterrey Consensus.

4. We recall that gender equality is a basic human right, a fundamental value and an issue of social justice; it is essential for economic growth, poverty reduction, environmental sustainability and development effectiveness. We reiterate the need for gender mainstreaming into the formulation and implementation of development policies, including financing for development policies, and for dedicated resources. We commit ourselves to increasing our efforts to fulfil our commitments regarding gender equality and the empowerment of women.

5. The spectre of terrorism continues to haunt us and is on the rise. This has serious implications for economic development and social cohesion, apart from its horrific human misery. We resolve to act together stronger than ever to address terrorism in all its forms and manifestations.

6. We reaffirm the political declaration on "Africa's development needs: state of implementation of various commitments, challenges and the way forward",[3] adopted at the high-level meeting of the General Assembly on 22 September 2008. We further reaffirm our commitment to provide and strengthen support to the special needs of Africa and stress that eradicating poverty, particularly in Africa, is the greatest global challenge facing the world today. We underline the importance of accelerating sustainable broad-based economic growth, which is pivotal to bringing Africa into the mainstream of the global economy. We reaffirm the commitment of all States to establish a monitoring mechanism to follow up on all commitments related to the development of Africa as contained in the political declaration on "Africa's development needs". All commitments to and by Africa should be effectively implemented and given appropriate follow-up by the international community and Africa itself. We underscore the urgency of addressing the special needs of Africa based on a partnership among equals.

7. We welcome the decision to convene the Fourth United Nations Conference on the Least Developed Countries at a high level in 2011.

Mobilizing domestic financial resources for development

8. In the years following the Monterrey Conference, a number of developing countries have made significant progress in the implementation of development policies in key areas of their economic frameworks, often contributing to increased mobilization of domestic resources and higher levels of economic growth. We will continue to build upon this progress through promoting inclusive and equitable growth, eradicating poverty and pursuing sustainable development in its economic, social and environmental dimensions, and by ensuring the necessary enabling environment for mobilizing public and private resources and expanding productive investments. Greater efforts are required to support the creation and sustenance of a conducive environment through appropriate national and international actions.

[3] Resolution 63/1.

9. We reaffirm that national ownership and leadership of development strategies and good governance are important for effective mobilization of domestic financial resources and fostering sustained economic growth and sustainable development. In this context, we should take into account the different characteristics and specificities of each country.

10. We recognize that a dynamic, inclusive well-functioning and socially responsible private sector is a valuable instrument for generating economic growth and reducing poverty. In order to foster private-sector development, we shall endeavour to promote an enabling environment that facilitates entrepreneurship and doing business by all, including women, the poor and the vulnerable. The international community, national Governments and regional economic groups should continue to support these efforts.

11. We will continue to pursue appropriate policy and regulatory frameworks at our respective national levels and in a manner consistent with national laws to encourage public and private initiatives, including at the local level, and to foster a dynamic and well-functioning business sector, while improving income growth and distribution, raising productivity, empowering women and protecting labour rights and the environment. We recognize that the appropriate role of Government in market-oriented economies will vary from country to country.

12. Human development remains a key priority, and human resources are the most precious and valuable asset that countries possess. The realization of full and productive employment and decent work for all[4] is essential. We will continue to invest in human capital through inclusive social policies, inter alia, on health and education, in accordance with national strategies. The provision of, and access to, financial and credit services to all is also important. Such facilities have begun to show results, but increased efforts, where appropriate, supported by the international community, are needed. We stress the importance of fostering diverse local and supporting industries that create productive employment and strengthen local communities. We will strive to ensure social security systems that protect the vulnerable in particular.

13. To advance towards the goals of the Monterrey Consensus, policies that link economic and social considerations are required to reduce inequalities within and among countries and guarantee that the poor and vulnerable groups benefit from economic growth and development. Measures aimed at integrating the poor into productive activities, investing in the development of their labour skills and facilitating their entry into the labour market are necessary. In this regard, greater efforts are required for mobilizing more resources, as appropriate, to provide universal access to basic economic and social infrastructure and inclusive social services, as well as capacity-building, taking special care of women, children, older persons and persons with disabilities in order to enhance their social protection.

14. The increasing interdependence of national economies in a globalizing world and the emergence of rules-based regimes for international economic relations have meant that the space for national economic policy, that is, the scope for domestic policies, especially in the areas of trade, investment and international development, is now often framed by international disciplines, commitments and global market

[4] International Labour Organization Declaration on Social Justice for a Fair Globalization; see Economic and Social Council resolution 2007/2 and elsewhere.

considerations. It is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space.

15. We reiterate that macroeconomic policies should be aimed at sustaining high rates of economic growth, full employment, poverty eradication, and low and stable inflation, and seek to minimize domestic and external imbalances to ensure that the benefits of growth reach all people, especially the poor. They should also attach high priority to avoiding abrupt economic fluctuations that negatively affect income distribution and resource allocation. In this context, the scope for appropriate counter-cyclical policies to preserve economic and financial stability should be expanded. Public investment, consistent with medium- and long-term fiscal sustainability, may have a proactive role and encourage a virtuous cycle of investment.

16. We will continue to undertake fiscal reform, including tax reform, which is key to enhancing macroeconomic policies and mobilizing domestic public resources. We will also continue to improve budgetary processes and to enhance the transparency of public financial management and the quality of expenditures. We will step up efforts to enhance tax revenues through modernized tax systems, more efficient tax collection, broadening the tax base and effectively combating tax evasion. We will undertake these efforts with an overarching view to make tax systems more pro-poor. While each country is responsible for its tax system, it is important to support national efforts in these areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters, including in the area of double taxation. In this regard, we acknowledge the need to further promote international cooperation in tax matters, and request the Economic and Social Council to examine the strengthening of institutional arrangements, including the United Nations Committee of Experts on International Cooperation in Tax Matters.

17. The development of a sound and broad-based financial sector is central to the mobilization of domestic financial resources and should be an important component of national development strategies. We will strive for diversified, well-regulated, inclusive financial systems that promote savings and channel them to sound growth generating projects. We will further refine, as appropriate, the supervisory and regulatory mechanisms to enhance the transparency and accountability of the financial sector. We will aim to increase the domestic supply of long-term capital and promote the development of domestic capital markets, including through multilateral, regional, subregional and national development banks.

18. To achieve equitable development and foster a vibrant economy, it is vital to have a financial infrastructure that provides access to a variety of sustainable products and services for micro-, small- and medium-sized businesses, with particular emphasis on women, rural populations and the poor. We will make sure that the benefits of growth reach all people by empowering individuals and communities and by improving access to services in the fields of finance and credit. We recognize that microfinance, including microcredit, has proven to be effective in generating productive self-employment, which can contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals. Despite some progress, there is widespread demand for microfinance. We underline the need to appropriately support, in a coordinated

manner, the efforts of developing countries, including in capacity-building for their microfinance, including microcredit institutions.

19. Gender equality and women's empowerment are essential to achieve equitable and effective development and to foster a vibrant economy. We reaffirm our commitment to eliminate gender-based discrimination in all its forms, including in the labour and financial markets, as well as, inter alia, in the ownership of assets and property rights. We will promote women's rights, including their economic empowerment, and effectively mainstream gender in law reforms, business support services and economic programmes, and give women full and equal access to economic resources. We will further promote and reinforce capacity-building of State and other stakeholders in gender-responsive public management, including, but not limited to, gender budgeting.

20. Capital flight, where it occurs, is a major hindrance to the mobilization of domestic resources for development. We will strengthen national and multilateral efforts to address the various factors that contribute to it. It is vital to address the problem of illicit financial flows, especially money-laundering. Additional measures should be implemented to prevent the transfer abroad of stolen assets and to assist in the recovery and return of such assets, in particular to their countries of origin, consistent with the United Nations Convention against Corruption,[5] as well as to prevent capital flows that have criminal intent. We note the efforts of the United Nations Office on Drugs and Crime and the World Bank Group through the Stolen Asset Recovery Initiative and other relevant initiatives. In this regard, we urge as a matter of priority all States that have not yet done so to consider becoming parties to the International Convention for the Suppression of the Financing of Terrorism, and call for increased cooperation with the same objective.

21. The ongoing fight against corruption at all levels is a priority. Progress among countries has varied since 2002. Corruption affects both developed and developing countries, and both the public and private sectors. We are thus determined to take urgent and decisive steps to continue to combat corruption in all of its manifestations in order to reduce obstacles to effective resource mobilization and allocation and avoid the diversion of resources away from activities that are vital for development. This requires strong institutions at all levels, including, in particular, effective legal and judicial systems and enhanced transparency. We welcome the increased commitment of States that have already ratified or acceded to the United Nations Convention against Corruption, and, in this regard, urge all States that have not yet done so to consider ratifying or acceding to the Convention. We call upon all States parties to fully implement the Convention without delay and to work jointly in the establishment of a mechanism for follow-up on implementation of the Convention.

22. While the pursuit of economic resilience is important for all countries, it requires constant and more concerted efforts in small and vulnerable economies. These national efforts need to be reinforced by international support for capacity-building, including through financial and technical assistance, and United Nations operational activities for development in accordance with national development strategies and priorities. In development cooperation policies, we will pay special attention to the efforts and specific needs of Africa, the least developed countries,

[5] United Nations, *Treaty Series*, vol. 2347, No. 42146.

landlocked developing countries and small island developing States. Similarly, special and sustained attention is needed to support post-conflict countries in their rebuilding and development efforts.

Mobilizing international resources for development: foreign direct investment and other private flows

23. We recognize that private international capital flows, particularly foreign direct investment, are vital complements to national and international development efforts. We appreciate the rise in private international capital flows to developing countries since the Monterrey Conference and the improvements in business climates that have helped encourage it. However, we take note with concern that a significant number of developing countries have not experienced a rise in private international capital flows. We will seek to enhance such flows to support development. In this context, we will strengthen national, bilateral and multilateral efforts to assist developing countries in overcoming the structural or other constraints which currently limit their attractiveness as a destination for private capital and foreign direct investment. To that end, we acknowledge the need to particularly assist those countries that have been at a particular disadvantage in attracting such flows, including a number of African countries, least developed countries, landlocked developing countries, small island developing States and countries emerging from conflict or recovering from natural disasters. Such efforts could include the provision of technical, financial and other forms of assistance; the promotion and strengthening of partnerships, including public-private partnerships; and cooperation arrangements at all levels.

24. We will enhance efforts to mobilize investments from all sources in human resources, transport, energy, communications, information technology and other physical, environmental, institutional and social infrastructure that serve to strengthen the business environment, enhance competitiveness and expand trade in developing countries and economies in transition. We recognize the need for bilateral and multilateral partners to provide technical assistance and share best practices relating to these efforts. The programmes, mechanisms and instruments at the disposal of multilateral development agencies and bilateral donors can be used for encouraging business investment, including by contributing to mitigating some of the risks faced by private investors in critical sectors in developing and transition economies. Official development assistance (ODA) and other mechanisms, such as, inter alia, guarantees and public-private partnerships, can play a catalytic role in mobilizing private flows. At the same time, multilateral and regional development banks should continue to explore innovative modalities with developing countries, including low- and middle-income countries and countries with economies in transition, so as to facilitate additional private flows to such countries.

25. Experience has shown that providing an enabling domestic and international investment climate is fundamental to fostering domestic and foreign private investment. Countries need to continue their efforts to achieve a stable and predictable investment climate, with proper contract enforcement and respect for property rights. We will continue to put in place transparent and appropriate regulations at the national and international levels. Efforts should be enhanced to upgrade the skills and technical capabilities of human resources, improve the availability of finance for enterprise, facilitate public-private consultative mechanisms and promote corporate social responsibility. Bilateral investment

treaties may promote private flows by increasing legal stability and predictability to investors. It is important that bilateral investment treaties, as well as tax treaties and other tax measures to facilitate foreign investments, take into account regional and multilateral cooperation, including at the regional level. We acknowledge the importance of supporting capacity-building in developing countries aimed at improving their abilities to negotiate mutually beneficial investment agreements. It is important to promote good tax practices and avoid inappropriate ones.

26. To complement national efforts, there is a need for the relevant international and regional institutions, as well as appropriate institutions in source countries, to increase their support for private foreign investment in infrastructure development and other priority areas, including projects to bridge the digital divide in developing countries and countries with economies in transition. To this end, it is important to provide export credits, co-financing, venture capital and other lending instruments, risk guarantees, leveraging aid resources, information on investment opportunities, business development services, forums to facilitate business contacts and cooperation between enterprises of developed and developing countries, as well as funding for feasibility studies. Inter-enterprise partnership is a powerful means for the transfer and dissemination of technology. In this regard, strengthening of the multilateral and regional financial and development institutions is desirable. Additional source country measures should also be devised to encourage and facilitate investment flows to developing countries.

27. We recognize that the development impact of foreign direct investment should be maximized. We further recognize that the transfer of technology and business skills is a key channel through which foreign direct investment can positively impact development. We will strengthen national and international efforts aimed at maximizing linkages with domestic production activities, enhancing the transfer of technology and creating training opportunities for the local labour force, including women and young people. It is also important to enact and uphold, as appropriate, labour and environmental protection and anti-corruption laws and regulations in accordance with obligations undertaken in relevant international conventions. We welcome efforts to promote corporate social responsibility and good corporate governance. In this regard, we encourage the work undertaken at the national level and by the United Nations, including through the United Nations Global Compact, and the promotion of internationally agreed corporate social responsibility frameworks, such as the International Labour Organization Tripartite Declaration. We reaffirm that every State has, and shall freely exercise full permanent sovereignty over, all its wealth, natural resources and economic activity. We support measures to enhance corporate transparency and accountability of all companies, taking into account the fundamental principles of domestic law. We take note of voluntary initiatives in this regard, including, inter alia, the Extractive Industries Transparency Initiative.

28. We realize that the perception of a country's current economic conditions and prospects influences the international private financial flows that it attracts. The provision of objective, high-quality information from all sources, including private and public entities, such as national statistical agencies, the International Monetary Fund (IMF), the World Bank, the United Nations system, investment advisers and credit-rating agencies, is vital for informed decisions by potential domestic and foreign investors alike. We will continue to strengthen modalities, including through the efforts of the country itself, the United Nations system and relevant multilateral

agencies, to enhance and improve the level and objectivity of information regarding a country's economic situation and outlook.

29. Remittances have become significant private financial resources for households in countries of origin of migration. Remittances cannot be considered as a substitute for foreign direct investment, ODA, debt relief or other public sources of finance for development. They are typically wages transferred to families, mainly to meet part of the needs of the recipient households. The manner of their disposal or deployment is an individual choice. A large portion of migrants' incomes is spent in destination countries and constitutes an important stimulus to domestic demand in their economies. In this regard, we will strengthen existing measures to lower the transaction costs of remittances through increased cooperation between originating and receiving countries and create opportunities for development-oriented investments.

International trade as an engine for development

30. We reaffirm that international trade is an engine for development and sustained economic growth. We also reaffirm that a universal, rules-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can substantially stimulate development worldwide, benefiting all countries at all stages of development. We are encouraged that international trade, especially the trade of developing countries as a group, has expanded at a fast pace in the current decade. Trade among developing countries has now become one of the most dynamic elements in world trade. However, many developing countries, in particular the least developed countries, have remained at the margins of these developments and their trade capacity needs to be enhanced to enable them to exploit more effectively the potential of trade to support their development. We also reaffirm our commitment to meaningful trade liberalization and to ensure that trade plays its full part in promoting economic growth, employment and development for all. We recall our commitment in the Monterrey Consensus to the decisions of the World Trade Organization to place the needs and interests of developing countries at the heart of its work programme and to implement its recommendations.

31. A well-functioning multilateral trading system can bring benefits to all and can contribute to enhancing the integration of the developing countries in the system, in particular the least developed countries. We reiterate our urgent resolve to ensure that the ongoing efforts to improve the operation of the multilateral trading system to better respond to the needs and interests of all developing countries, in particular the least developed countries. This is particularly important at a time when the systemic impact of the financial crisis is affecting us all. We call for the implementation of the ministerial declaration of the World Trade Organization adopted at its Sixth Ministerial Conference, held in Hong Kong, China, on the central importance of the development dimension in every aspect of the Doha Development Agenda work programme and its commitment to making the development dimension a meaningful reality. We emphasize that maximizing the benefits and minimizing the costs of international trade liberalization calls for development-oriented and coherent policies at all levels.

32. We are very concerned that, despite significant efforts, the Doha Development Agenda Round of multilateral trade negotiations has not yet been concluded. A successful result should support the expansion in the exports of developing

countries, reinforce the potential for trade to play its due role as the engine of growth and development, and provide increased opportunities for developing countries to use trade to support development. It is important to make progress in key areas of the Doha Development Agenda of special interest to developing countries, such as those outlined in paragraph 28 of the Monterrey Consensus, reaffirming the importance of special and differential treatment referred to therein. To this end, flexibility and political will are essential. We welcome recent commitments concerning trade and the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty, especially as this might particularly affect developing countries. On this basis, we will urgently re-engage and strive to reach agreement by the end of the year on modalities that lead to a successful and early conclusion to the World Trade Organization Doha Development Agenda with an ambitious, balanced and development-oriented outcome.

33. We acknowledge that the optimum pace and sequence of trade liberalization depends on the specific circumstances of each country, and that each country will make this decision based on its own evaluation of the costs and benefits. Trade liberalization must be complemented by appropriate action and strategies at the national level for the expansion of productive capacities, the development of human resources and basic infrastructure, the absorption of technology and the implementation of adequate social safety nets. Achieving the positive impact of trade liberalization on developing countries will also depend to a significant extent on international support for the above measures and actions against policies and practices that distort trade.

34. We recognize the particular challenges faced by least developed countries in integrating beneficially into the international trading system. We acknowledge that least developed countries require special measures and international support to benefit fully from world trade, as well as in adjusting to and integrating beneficially into the global economy. We welcome the decision at the Sixth World Trade Organization Ministerial Conference, held in Hong Kong, China, from 13 to 18 December 2005, on improved market access for least developed countries as set out in the decision and its annex,[6] and call for its full implementation. We also welcome the actions taken by some individual countries since Monterrey towards the goal of full duty-free and quota-free market access for all least developed countries, and call on other developed and developing countries declaring themselves in a position to do so to take steps towards this objective. We will also reinforce efforts to provide technical assistance to least developed countries that request it in order to enable them to participate more effectively in the multilateral trading system, including through the effective operation of the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and by providing support to allow them to participate effectively in international trade negotiations.

35. We also recognize the particular challenges that may be faced by other developing countries, including small and vulnerable economies, to fully benefit from the multilateral trading system. Appropriate consideration and support should be provided to these countries to help facilitate their effective participation in the global economy. In this regard, we encourage progress in the implementation of the

[6] See WT/MIN(05)/DEC, para. 47 and annex F.

World Trade Organization work programme on small economies, mandated in the Doha Ministerial Declaration.[7]

36. Aid for Trade is an important component of the measures that will assist developing countries in taking advantage of the opportunities offered by the international trading system, the outcome of the Doha round and regional trade agreements. A critical aim of Aid for Trade should be to enhance trade capacity and international competitiveness while ensuring ownership and alignment with national development strategies of individual developing countries. Aid for Trade should aim to help developing countries, particularly least developed countries, with trade policy and regulations; trade development; building productive capacities; trade-related infrastructure; trade-related adjustment and other trade-related needs. However, Aid for Trade is a complement and not a substitute for a successful outcome of the Doha Development Agenda or any other trade negotiation. Successful programmes under the Aid for Trade Initiative require joint efforts by concerned partners. The commitments by individual donors relating to Aid for Trade should be fully implemented in a timely manner. It is also important that the Aid for Trade needs and priorities of recipient countries are fully integrated and reflected in their national development strategies. United Nations specialized agencies that have a relevant mandate in this field should continue to help developing countries build their trade-related productive capacities.

37. Broader and effective participation of developing countries in the multilateral trading system, including in any round of multilateral trade negotiations and in the World Trade Organization Doha Development Agenda negotiations, are key objectives. We note progress in this area since Monterrey, as evidenced by the countries that have acceded to the World Trade Organization, the countries that have newly engaged in World Trade Organization accession and the countries that have made progress towards World Trade Organization accession over the past six years. We welcome additional progress in this regard. We also reaffirm our undertaking in Monterrey to facilitate the accession of all developing countries, particularly the least developed countries, as well as countries with economies in transition, that apply for membership in the World Trade Organization. In this regard, we note the decision of the Sixth World Trade Organization Ministerial Conference to give priority to the ongoing accessions with a view to concluding them as rapidly and smoothly as possible.

38. We recognize that regional integration as well as bilateral trade and economic cooperation agreements are important instruments to expand trade and investment. We should continue to ensure that these agreements promote long-term development, advance the goals of the World Trade Organization and are complementary elements of the multilateral trading system. International support for cooperation in trade and other trade-related areas can be catalytic in strengthening and consolidating regional and subregional integration. We stress the importance of increased support to South-South trade and cooperation initiatives in trade-related areas, including through triangular cooperation, consistent with World Trade Organization rules.

39. We welcome the ongoing work of international institutions that assist developing countries in realizing the benefits of trade liberalization, in particular the

[7] See WT/MIN(01)/DEC/1, para. 35; and WT/L/447.

United Nations, the World Trade Organization, the World Bank, IMF and the regional development banks, and encourage their continuing efforts to facilitate trade that results in economic growth and development. In this context, we welcome the outcome of the twelfth session of the United Nations Conference on Trade and Development (UNCTAD), held in Accra from 20 to 25 April 2008, and reaffirm the role of UNCTAD in trade and development.

Increasing international financial and technical cooperation for development

40. We recognize the severe impacts that the current financial and economic crises are having on the ability of developing countries to mobilize resources for development. We stress the importance that ODA plays, leveraging and sustaining financing for development in developing countries. In this regard, we recall our commitments to the internationally agreed development goals, including the Millennium Development Goals, and call for the international community to redouble its efforts to facilitate the achievement of these goals.

41. We reaffirm the essential role that ODA plays, as a complement to other sources of financing for development, in facilitating the achievement of development objectives, including the internationally agreed development goals, in particular the Millennium Development Goals. For many African countries, least developed countries, small island developing States and landlocked developing countries, ODA is still the largest source of external financing. ODA can play a catalytic role in assisting developing countries in removing constraints to sustained, inclusive and equitable growth, such as enhancing social institutional and physical infrastructure; promoting foreign direct investment, trade and technological innovation; improving health and education; fostering gender equality; preserving the environment; and eradicating poverty.

42. We are encouraged by the recovery of ODA from its declining trend before the Monterrey Conference (ODA in real terms increased by 40 per cent between 2001 and 2007), while noting that a significant part of aid flows after 2002 comprised debt relief and humanitarian assistance. However, we note with concern the overall decline in ODA in 2006 and 2007, driven in particular by the drop-off in debt relief from its peak in 2005. We are encouraged by the fact that some donor countries have met or surpassed the ODA targets referenced in the Monterrey Consensus (0.7 per cent of gross national product (GNP) for ODA to developing countries and 0.15 to 0.20 per cent of GNP for ODA to least developed countries). We are also encouraged by others that have established timetables for fulfilling their long-standing commitments, such as the European Union, which has agreed to provide, collectively, 0.56 per cent of GNP for ODA by 2010 and 0.7 per cent by 2015 and to channel at least 50 per cent of collective aid increases to Africa, while fully respecting the individual priorities of Member States in development assistance. We welcome the more than doubling of ODA by the United States. We also welcome the declaration by the leaders of the Group of Eight in Hokkaido, Japan, that they are firmly committed to working to fulfil their commitments made at Gleneagles, Scotland, including increasing, compared to 2004, with other donors, ODA to Africa by $25 billion a year by 2010. We encourage donors to work on national timetables, by the end of 2010, to increase aid levels within their respective budget allocation processes towards achieving the established ODA targets. The full implementation of these commitments will substantially boost the resources available to push forward the international development agenda.

43. The fulfilment of all ODA commitments is crucial, including the commitments by many developed countries to achieve the target of 0.7 per cent of GNP for ODA to developing countries by 2015 and to reach the level of at least 0.5 per cent of GNP for ODA by 2010, as well as a target of 0.15 to 0.20 per cent of GNP for ODA to least developed countries. To reach their agreed timetables, donor countries should take all necessary and appropriate measures to raise the rate of aid disbursements to meet their existing commitments. We urge those developed countries that have not yet done so to make additional concrete efforts towards the target of 0.7 per cent of GNP for ODA to developing countries, including the specific target of 0.15 to 0.20 per cent of GNP for ODA to least developed countries in line with the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010,[8] in accordance with their commitments. To build on progress achieved in ensuring that ODA is used effectively, we stress the importance of democratic governance, improved transparency and accountability, and managing for results. We strongly encourage all donors to establish, as soon as possible, rolling indicative timetables that illustrate how they aim to reach their goals, in accordance with their respective budget allocation process. We stress the importance of mobilizing greater domestic support in developed countries towards the fulfilment of their commitments, including through raising public awareness, and by providing data on aid effectiveness and demonstrating tangible results.

44. We stress the importance of addressing the development needs of low-income developing countries, including through the provision of technical, financial and other forms of assistance, the promotion and strengthening of partnerships and cooperation arrangements at all levels.

45. We recognize that middle-income countries still face significant challenges in the area of poverty eradication and that their efforts to address those challenges should be strengthened and supported by the United Nations system, the international financial institutions and all other stakeholders, in order to ensure that achievements made to date are sustained. We also acknowledge that ODA is still essential for a number of these countries and has a role to play in targeted areas, taking into account the needs and domestic resources of these countries.

46. We welcome increasing efforts to improve the quality of ODA and to increase its development impact. The Economic and Social Council Development Cooperation Forum, along with recent initiatives, such as the High-level Forums on Aid Effectiveness, which produced the 2005 Paris Declaration on Aid Effectiveness, and the 2008 Accra Agenda for Action, make important contributions to the efforts of those countries which have committed to them, including through the adoption of the fundamental principles of national ownership, alignment, harmonization and managing for results. Continued building on these initiatives, including through more inclusive and broad-based participation, will contribute to enhancing national ownership and making aid delivery more effective and efficient and lead to improved outcomes. We also encourage all donors to improve the quality of aid, increase programme-based approaches, use country systems for activities managed by the public sector, reduce transaction costs and improve mutual accountability and transparency and, in this regard, we call upon all donors to untie aid to the maximum extent. We will make aid more predictable by providing developing countries with regular and timely, indicative information on planned support in the

[8] A/CONF.191/11.

medium term. We recognize the importance of efforts by developing countries to strengthen leadership of their own development, national institutions, systems and capacity to ensure the best results of aid by engaging with parliaments and citizens in shaping those policies and deepening engagement with civil society organizations. We should also bear in mind that there is no one-size-fits-all formula that will guarantee effective assistance. The specific situation of each country needs to be fully considered.

47. We note that the aid architecture has significantly changed in the current decade. New aid providers and novel partnership approaches, which utilize new modalities of cooperation, have contributed to increasing the flow of resources. Further, the interplay of development assistance with private investment, trade and new development actors provides new opportunities for aid to leverage private resource flows. We re-emphasize the importance of the Development Cooperation Forum of the Economic and Social Council as the focal point within the United Nations system for holistic consideration of issues of international development cooperation, with participation by all relevant stakeholders. We shall pursue efforts, both in the United Nations and in collaboration with other relevant institutions, such as the Organization for Economic Cooperation and Development (OECD)/ Development Assistance Committee (DAC), to advance dialogue and cooperation among the increasingly diverse community of development partners. All development actors should cooperate closely to ensure that increased resources from all sources are used in a manner which ensures maximum effectiveness. We shall also pursue enhanced collaboration at the country level with the private sector, non-official donors, regional organizations and official donors.

48. There is a growing need for more systematic and universal ways to follow quantity, quality and effectiveness of aid flows, giving due regard to existing schemes and mechanisms. We invite the Secretary-General, with relevant United Nations system agencies, in close cooperation with the World Bank, the regional and subregional development banks, OECD/DAC and other relevant stakeholders, to address this issue and to provide a report for consideration by the Development Cooperation Forum.

49. We reiterate our support for South-South cooperation, as well as triangular cooperation, which provides much needed additional resources to the implementation of development programmes. We recognize the importance and different history and particularities of South-South cooperation and stress that South-South cooperation should be seen as an expression of solidarity and cooperation between countries, based on their shared experiences and objectives. Both forms of cooperation support a development agenda that addresses the particular needs and expectations of developing countries. We also recognize that South-South cooperation complements rather than substitutes for North-South cooperation. We acknowledge the role played by middle-income developing countries as providers and recipients of development cooperation. Regional cooperation could also be strengthened as an effective vehicle for mobilizing resources for development, inter alia, by strengthening regional financial institutions to better assist in upgrading critical sectors in developing countries.

50. We encourage developing countries in a position to do so to continue to make concrete efforts to increase and make more effective their South-South cooperation initiatives in accordance with the principles of aid effectiveness.

51. We recognize the considerable progress made since the Monterrey Conference in voluntary innovative sources of finance and innovative programmes linked to them. We acknowledge that a number of the initiatives of the Technical Group created by the Global Action Initiative against Hunger and Poverty and the Leading Group on Solidarity Levies to Fund Development have become a reality or are in an advanced stage towards implementation. These include, inter alia, the International Finance Facility for Immunization; the pilot advance market commitments and the airline ticket solidarity levies, which finance health programmes in several developing countries, including the international drug purchase facility UNITAID to help combat HIV/AIDS, tuberculosis and malaria; and instruments based on the carbon market. Other noteworthy initiatives include the United States Millennium Challenge Corporation, the President's Emergency Plan for AIDS Relief, the India Brazil-South Africa Fund, the Egyptian Fund for Technical Cooperation and support to African countries the Libya-Africa Investment Portfolio and the PetroCaribe Initiative. We encourage the scaling up and the implementation, where appropriate, of innovative sources of finance initiatives. We acknowledge that these funds should supplement and not be a substitute for traditional sources of finance, and should be disbursed in accordance with the priorities of developing countries and not unduly burden them. We call on the international community to consider strengthening current initiatives and explore new proposals, while recognizing their voluntary and complementary nature. We request the Secretary-General of the United Nations to continue to address the issue of innovative sources of development finance, public and private, and to produce a progress report by the sixty-fourth session of the General Assembly, taking into account all existing initiatives.

52. We reiterate our resolve to operationalize the World Solidarity Fund established by the General Assembly and invite those countries in a position to do so to make voluntary contributions to the Fund. We also recall the establishment of the Digital Solidarity Fund and encourage voluntary contributions to its financing, including through considering innovative financing mechanisms.

53. We underscore the importance of capacity development and strengthening technical cooperation as important avenues for developing countries to attain their development objectives. In this regard, we reiterate the importance of human resources development, including training, exchange of expertise, knowledge transfer and technical assistance for capacity-building, which involves strengthening institutional capacity, project management and programme planning. The capacity of developing countries to absorb long-term development aid has begun to increase.

54. We underline the important role of an effective, well managed and adequately resourced United Nations system through its operational activities in delivering capacity-building support for development with long-term sustainability. This is particularly important for least developed countries. Given that the level of core funding inevitably affects the ability of the United Nations system to fulfil this mandate, we urge donor countries and other countries in a position to do so to substantially increase voluntary contributions to the core/regular budgets of the United Nations development system, in particular its funds, programmes and specialized agencies, and to contribute on a multi-year basis, in a sustained and predictable manner. We also note that non-core resources represent an important supplement to the regular resource base of the United Nations development system to support operational activities for development, thus contributing to an increase in total resources, while recognizing that non-core resources are not a substitute for

core resources and that unearmarked contributions are vital for the coherence and harmonization of operational activities for development. We welcome the efforts to improve efficiency, coherence and effectiveness of the United Nations development system.

55. The multilateral development banks, including the World Bank, regional and subregional development banks and other international institutions that promote development, can be an important source of financing for development. They provide strategic resources, including in the form of technical assistance, for such areas as governance, institution and capacity-building and the promotion of best practices. They play an important role in enhancing the integration of developing countries in the world economy and in supporting regional integration and other cooperation efforts. They also constitute a valuable forum for exchange of information on best practices between developing countries. For some countries, the net outflow of resources from some of these institutions has become negative and, therefore, we will work with these institutions to enhance their financing to developing countries as part of the measures for further implementation of the Monterrey Consensus. These institutions should continue to explore innovative ways to use their capital to leverage additional finance to foster development while preserving their capital and ensuring their activity is sustainable.

External debt

56. The debt stock of developing countries as a group continues to increase, while key debt sustainability indicators have improved significantly since Monterrey, but care needs to be taken to avoid a recurrence of unsustainable levels of debt. Debt repayment by several developing countries, debt relief under the Heavily Indebted Poor Countries Initiative (HIPC), the Multilateral Debt Relief Initiative (MDRI) and the Evian treatment in the Paris Club, together with other debtor countries' efforts and ongoing initiatives, such as the World Bank/IMF Debt Sustainability Framework, have contributed to achieving such progress. The HIPC initiative is estimated to provide a total of US$ 71 billion to 41 eligible countries, while MDRI is expected to provide an additional US$ 28 billion.[9] Borrowing countries have also enhanced their debt management programmes and many have built reserves. Debt relief initiatives also helped beneficiary countries mobilize much-needed resources for poverty reduction, as part of wider efforts to mobilize financial resources for development. We recognize that the current global financial and economic crises carry the possibility of undoing years of hard work and gains made in relation to the debt of developing countries. The situation demands the implementation of existing and any future bold and encompassing initiatives and mechanisms to resolve the current debt problems of developing countries, particularly for Africa and the least developed countries, in an effective and equitable manner, including through debt cancellation.

57. We stress the importance of continued flexibility with regard to the eligibility criteria for debt relief under HIPC and MDRI. We recall our encouragement to donor countries to take steps to ensure that resources provided for debt relief do not detract from ODA resources intended to be available for developing countries.

[9] Both figures in net present value terms at the end of 2007.

58. We underline that heavily indebted poor countries eligible for debt relief will not be able to enjoy its full benefits unless all creditors, including public and private, contribute their fair share and become involved in the international debt resolution mechanisms to ensure the debt sustainability of low-income countries.

59. We emphasize that middle-income developing countries are mainly responsible for the achievement and maintenance of a sustainable debt situation and for addressing their external debt situation. While welcoming the Evian approach, we emphasize the importance of sustained efforts by all towards achieving sustainable debt of middle-income countries, including by improving their sustainable debt management and through debt relief based on current debt mechanisms and debt swap mechanisms on a voluntary basis.

60. We recognize that important challenges remain. Debt service accounts for a significant portion of the fiscal budget and is still unsustainable in a number of developing countries. The existing international debt resolution mechanisms are creditor-driven, while taking into account debtor country situations. More efforts are needed through international debt resolution mechanisms to guarantee equivalent treatment of all creditors, just treatment of creditors and debtors, and legal predictability. We are deeply concerned about increasing vulture fund litigation. In this respect, we welcome recent steps taken to prevent aggressive litigation against HIPC-eligible countries, including through the enhancement of debt buy-back mechanisms and the provision of technical assistance and legal support, as appropriate, by the Bretton Woods institutions and the multilateral development banks. We call on creditors not to sell claims on HIPC to creditors that do not participate adequately in the debt relief efforts.

61. We will intensify our efforts to prevent debt crises by enhancing international financial mechanisms for crisis prevention and resolution, in cooperation with the private sector, and by finding solutions that are transparent and agreeable to all. These mechanisms need to be underpinned by principles that have served us well in dealing effectively with many debt problems. These include the need to ensure that debt resolution is a joint responsibility of all debtors and creditors, both State and commercial; to recognize that furthering development and restoring debt sustainability are the main objectives of debt resolution; to strengthen transparency and accountability among all parties; to promote responsible borrowing and lending practices; to improve debt management and national ownership of debt management strategies; and to facilitate equivalent treatment of all creditors.

62. We recognize that a shift has occurred from official to commercial borrowing and from external to domestic public debt, although for most low-income countries external finance is still largely official. We note that the number of creditors, both official and private, has increased significantly. We stress the need to address the implications of these changes, including through improved data collection and analysis.

63. In debt renegotiations, we stress the need for full involvement of debtors as well as creditors and the importance of taking into account debtors' national policies and strategies linked to attaining the internationally agreed development goals, including the Millennium Development Goals.

64. Technical assistance to manage debt and address debt problems can be crucial for many countries, in particular the most vulnerable. We reaffirm the importance of

adequate capacities of debtor countries during debt negotiations, debt renegotiations and for debt management. In this regard, we will continue to provide developing countries with the necessary assistance, including technical assistance, upon request, to enhance debt management, negotiations and renegotiation capacities, including tackling external debt litigation, in order to achieve and maintain debt sustainability. The Bretton Woods institutions and other relevant organizations should continue to play an important role in this field, as appropriate, given their respective mandates. Preserving long-term debt sustainability is a shared responsibility of lenders and borrowers. To this end, we encourage the use of the joint IMF/World Bank Debt Sustainability Framework by creditors and debtors, as appropriate. Borrowers should strive to implement sound macroeconomic policies and public resource management, which are key elements in reducing national vulnerabilities.

65. Particular attention should be paid to keeping the debt sustainability frameworks under review to enhance the effectiveness of monitoring and analysing debt sustainability and consider fundamental changes in debt scenarios, in the face of large exogenous shocks, including those caused by natural catastrophes, severe terms-of-trade shocks or conflict. We stress the need to construct debt indicators based on comprehensive, objective and reliable data. We also need to increase information-sharing, transparency and the use of objective criteria in the construction and evaluation of debt scenarios, including an assessment of domestic public and private debt in order to achieve development goals. We are convinced that enhanced market access to goods and services of export interest to debtor countries is an important factor in enhancing debt sustainability.

66. Debt sustainability frameworks should also give due weight to the development needs of debtor countries, including benefits from expenditures and investment that have long-term social and economic returns. Given the imperative of maintaining debt sustainability and the external financing requirements for meeting development goals, particularly in least developed countries and low-income countries facing increased risks of debt distress, bilateral donors and multilateral financial institutions should seek to increasingly provide grants and concessional loans as the preferred modalities of their financial support instruments to ensure debt sustainability.

67. We acknowledge the need to continue to address all relevant issues regarding external debt problems, including through the United Nations, and we will consider ways to explore enhanced approaches of sovereign debt restructuring mechanisms based on existing frameworks and principles, with broad creditors' and debtors' participation and ensuring comparable burden-sharing among creditors, with an important role for the Bretton Woods institutions.

Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development

68. Some results have been achieved since Monterrey in addressing systemic issues, but significant additional progress is needed. This is all the more urgent given the current financial crisis. The progress expected after Monterrey with the mandated work of the multilateral financial institutions, including the role of IMF in strengthening surveillance, giving high priority to the identification and prevention of potential crises and strengthening the underpinnings of international financial stability, remains incomplete. The current financial crisis, as well as the continued

weaknesses in the international financial system, further underline the need to strengthen the international financial architecture. The reform of the international financial architecture should focus on providing greater transparency and strengthening the voice and participation of developing countries and countries with economies in transition in international decision-making and norm-setting. Thus, we resolve to undertake appropriate and timely steps to improve the functioning of the international economic and financial system. It is essential to maintain the involvement of the United Nations in these undertakings. This is crucial for an integrated implementation of the Monterrey Consensus.

69. We resolve to strengthen the coordination of the United Nations system and all other multilateral financial, trade and development institutions to support economic growth, poverty eradication and sustainable development worldwide. Greater cooperation between the United Nations, the Bretton Woods institutions and the World Trade Organization is needed, based on a clear understanding and respect for their respective mandates and governance structures.

70. We encourage better coordination and enhanced coherence among relevant ministries in all countries to assist in the formulation and effective implementation of policies at all levels. We also encourage international financial and development institutions to continue to enhance policy coherence for development, taking into account diversified needs and changing circumstances. In order to complement national development efforts, we call on all countries whose policies have an impact on developing countries to increase their efforts to formulate policies consistent with the objectives of sustained growth, poverty eradication and sustainable development of developing countries.

71. Stable international financial markets require sound macroeconomic and financial policies. It is crucial that all countries manage their macroeconomic and financial policies in ways that contribute to global stability and sustained economic growth and sustainable development. Solid and strong financial institutions at the national and international levels are essential pillars of a well-functioning international financial system. Countries should continue to pursue sound macroeconomic policies and, as appropriate, structural reform while also strengthening their financial systems and economic institutions.

72. New and highly globalized financial instruments continue to change the nature of risks in the world economy, requiring continuing enhancement of market oversight and regulation. To strengthen the resilience of the international financial system, we will implement reforms that will strengthen the regulatory and supervisory frameworks of financial markets as needed. We will strive to improve key accounting standards to remedy weaknesses and deficiencies, including those exposed by the current financial crisis. National regulators should enhance financial information and transparency at the domestic level. We will further enhance cooperation among national regulators from all countries to strengthen international financial standards. These efforts should address timely and adequate risk disclosure standards in order to improve the foundation of decisions of investors. There is also a need for enhanced transparency by financial institutions. Enhanced disclosure practices and transparency should assist efforts to reduce illicit capital flows.

73. We reaffirm that the international financial institutions, including the Bretton Woods institutions, need to be further reformed. The reformed multilateral financial institutions should have the technical capacities, credit facilities and financial

resources to deal with the management and swift resolution of financial crises in a manner that elicits and facilitates international cooperation and that is consistent with their respective mandates. The international financial institutions should continue to foster the multilateral cooperation needed to restore and safeguard international monetary and financial stability and should stand ready to quickly make available sufficient resources to help countries in overcoming crises. The International Monetary Fund, in collaboration with an expanded and representative Financial Stability Forum and other bodies, should work to better identify vulnerabilities, anticipate potential stresses and act swiftly to play a key role in crisis response. Similarly, the World Bank can also play a significant role to mitigate the difficulties countries face. The Bretton Woods institutions must continue, within their respective mandates, to help developing countries to deal with the adverse effects of exogenous shocks, such as large fluctuations in the prices of key commodities, for example, through the reformed IMF Exogenous Shocks Facility. We also recognize the need for keeping under review the allocation of special drawing rights for development purposes.

74. Regional development banks play a vital role in supporting economic development and assisting regional integration efforts. We encourage continued cooperation and coordination among the regional development banks and other international financial institutions, as appropriate. We should review the adequacy of resources required to accomplish their tasks, as necessary. Other regional cooperation frameworks, such as financial and monetary arrangements that complement the international financial system, can be instrumental in fostering development and financial stability among their members and should be in line with multilateral frameworks, as appropriate. Those arrangements can facilitate financial flows and lower transaction costs and may serve as mechanisms that assist in the prevention of financial crises and render parties to such arrangements more resilient.

75. Credit rating agencies also play a significant role in the provision of information, including assessment of corporate and sovereign risks. The information provided by credit rating agencies should be based on broadly accepted, clearly defined, objective and transparent parameters. The ongoing financial crisis has revealed weaknesses and raised concerns about accounting standards and the way credit rating agencies currently operate. We will exercise strong oversight over credit rating agencies, consistent with the agreed and strengthened international code of conduct, and take additional action to strengthen financial market transparency and enhance the convergence of global accounting standards.

76. We recognize the need to address the often expressed concern at the extent of representation of developing countries in the major standard-setting bodies. We therefore welcome the proposed expansion of the membership in the Financial Stability Forum and encourage the major standard-setting bodies to review their membership promptly while enhancing their effectiveness.

77. We underscore that the Bretton Woods institutions must be comprehensively reformed so that they can more adequately reflect changing economic weights in the world economy and be more responsive to current and future challenges. We reaffirm that the enhancement of voice and participation of developing countries in the Bretton Woods institutions, in accordance with their respective mandates, is central to strengthening the legitimacy and effectiveness of these institutions. We recognize the governance reforms that the international financial institutions have

already undertaken, including the recent agreement regarding the quota review and voice reforms at IMF and related steps in the World Bank, and encourage further reforms in that direction.

78. Welcoming the ongoing international discussions on global economic governance structures, we acknowledge the need to ensure that all countries, including low-income countries, are able to effectively participate in this process. This debate should review the international financial and monetary architecture and global economic governance structures in order to ensure a more effective and coordinated management of global issues. Such a debate should associate the United Nations, the World Bank, IMF and the World Trade Organization, should involve regional financial institutions and other relevant bodies and should take place in the context of the current initiatives aimed at improving the inclusiveness, legitimacy and effectiveness of the global economic governance structures. Greater cooperation among the United Nations, the Bretton Woods institutions and the World Trade Organization is needed, based on a clear understanding and respect for their respective mandates and governance structures.

79. The United Nations will hold a conference at the highest level on the world financial and economic crisis and its impact on development. The conference will be organized by the President of the General Assembly and the modalities will be defined by March 2009 at the latest.

Other new challenges and emerging issues

80. We commit ourselves to reinvigorating the global partnership for development in order to effectively address the full range of financing for development challenges facing the world today. We recognize that multiple financing for development challenges and opportunities have emerged since the Monterrey Conference, including the impact of the financial crisis, additional costs of climate change mitigation and adaptation and damage to the Earth's environment, price volatility in international markets of key commodities, expanding economic cooperation and the growing needs for reconstruction and development of post-conflict countries. We reaffirm our resolve to take concerted global action to address all these areas while consistently furthering economic and human development for all.

81. We are deeply concerned by the impact of the current financial crisis and global economic slowdown on the ability of developing countries to access the necessary financing for their development objectives. Developing countries and countries with economies in transition risk suffering very serious setbacks to their development objectives, in particular the achievement of the internationally agreed development goals, including the Millennium Development Goals. It is critical to adopt further decisive and prompt actions to contain the current crisis and restore sustained economic growth. Given this global context, we call the attention of all donors to the situation and needs of the poorest and most vulnerable. We also urge all donors to maintain and deliver on their ODA commitments and call on the international community, including the World Bank and IMF, to draw on the full range of their policy advice and resources, as appropriate, to help developing countries and countries with economies in transition to strengthen their economies, maintain growth and protect the most vulnerable groups against the severe impacts of the current crisis. In this context, it is also important for developing countries to

maintain sound macroeconomic policies that support sustained economic growth and poverty eradication.

82. The concern of the international community about climate change has increased markedly since the adoption of the Monterrey Consensus. We reiterate the importance of reaching an agreed outcome at the fifteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Copenhagen from 30 November to 11 December 2009, and urge all parties to engage constructively in negotiations consistent with the Bali Action Plan. Ongoing and potential responses to tackle this phenomenon have major financing for development implications and will incur substantial additional costs on all countries, thus requiring additional resource mobilization, including from the private sector, particularly for developing countries to address the challenges of climate change, in order to support appropriate national adaptation and mitigation strategies and actions. We reiterate that it is critical to address the pressing needs of developing countries, especially those that are particularly vulnerable to the adverse impacts of climate change, such as the least developed countries, small island developing States, and other affected countries in Africa. In this regard, we urge all parties to engage in the ongoing process in a manner that will ensure an agreed outcome commensurate with the scope and urgency of the climate change challenge. The States parties to the Kyoto Protocol welcome the launching of the Adaptation Fund within the structure of the United Nations Framework Convention on Climate Change and look forward to its early operationalization with full support.

83. We also underscore the special challenges emerging from volatility in international commodity markets, particularly the volatility of food and energy prices. We take note of recent initiatives and will continue to mobilize resources to assist developing countries, in particular the least developed countries, attain food and energy security. At the same time, we recognize the necessity of a substantial sustainable expansion of food production in developing countries by enhancing investments and productivity in the agricultural sector, including in small-scale farms, promoting rural development and intensifying agricultural research. It is critical to eliminate barriers to food production, to improve processing and distribution over time and to have carefully targeted safety nets in the event of food crises. We recognize that food insecurity has multiple and complex causes and that its consequences require a comprehensive and coordinated response in the short, medium and long terms by national Governments and the international community. We thus encourage the development of an inclusive global partnership for agriculture and food. We acknowledge the work of the High-level Task Force on the Global Food Security Crisis established by the Secretary-General and encourage its continued engagement with States Members of the United Nations, relevant organizations, the private sector and, especially, farmers.

84. We acknowledge the recent volatility in energy markets and its impact on low- and middle-income countries. We will strengthen cooperation to develop energy systems that can assist in meeting development needs and are consistent with the efforts to stabilize the global climate, in accordance with the principle of common but differentiated responsibilities and respective capabilities. We will strengthen our efforts to substantially increase the share of renewable energies and to promote energy efficiency and conservation. We reaffirm that access to basic energy services and to clean and sustainable energy is important to eradicate extreme poverty and to

achieve the internationally agreed development goals, including the Millennium Development Goals.

85. We acknowledge the recent efforts to bring to light the particular challenges faced by middle-income countries in the area of development, poverty eradication and inequality. We note the conferences held in Madrid in March 2007, in Sonsonate, El Salvador, in October 2007 and in Windhoek in August 2008 on international development cooperation with middle-income countries. We welcome the positive impact of expanding economic relations among middle income countries, as well as recent initiatives by the international financial institutions to enhance their facilities for them.

86. Consensus has emerged since Monterrey that countries emerging from conflict are an important part of the international agenda. Many of the poorest continue to live in post-conflict States where inadequate infrastructure and low investment prevent the delivery of basic social services and limit the productive capacity of the economy. We affirm the importance of providing seamless assistance to peacebuilding efforts, including humanitarian assistance, rehabilitation and nation-building, and assistance for governance and improvement of social and economic infrastructure. We welcome the efforts of the international community to provide flexibility to post-conflict developing countries regarding debt relief and restructuring and stress the need to continue those efforts in order to help those countries, especially those that are heavily indebted and poor, to achieve initial reconstruction for economic and social development, particularly for the early recovery period. We will step up our efforts to assist countries in accessing financing for development in the post-conflict context. In this regard, we welcome the valuable work of the United Nations Peacebuilding Commission and the Peacebuilding Fund, as well as commitments outlined in the Accra Agenda for Action.[10]

Staying engaged

87. We recommit ourselves to staying fully engaged, nationally, regionally and internationally, to ensuring proper and effective follow-up to the implementation of the Monterrey Consensus, taking into account the intergovernmentally agreed outcome document adopted at this Conference. We will also continue our unremitting efforts to build bridges between all relevant stakeholders within the holistic agenda of the financing for development process. We appreciate the role played by the United Nations as a focal point for the financing for development follow-up process. It will be important to maintain this role to ensure the continuity and dynamism of our process. We reaffirm the need to further intensify the engagement of all stakeholders, including the United Nations system, the World Bank, IMF and the World Trade Organization in the follow-up and implementation of the commitments made in Monterrey and reiterated here at Doha.

88. We recognize that maintaining a comprehensive and diverse multi-stakeholder follow-up process, including with civil society and the private sector, is critical. We also recognize the core responsibility of all participants in the financing for development process to exercise ownership of it and to implement their respective commitments. It is important that the follow-up process be undertaken in an

[10] A/63/539, annex.

integrated fashion, including through the continued engagement of all relevant ministries, in particular ministries of development, finance, trade and foreign affairs. An integrated treatment of financing for development issues in national development plans is also important in enhancing national ownership and implementation of financing for development. The international community should continue to draw upon the expertise, data and analysis available in multiple forums, while enhancing information-sharing and dialogue between the various United Nations and non-United Nations bodies that monitor progress on financing for development issues. There is substantial room to enhance the sharing of best practices.

89. We acknowledge the need for a strengthened and more effective intergovernmental structure to carry out the financing for development follow-up, which would review progress in the implementation of commitments, identify obstacles, challenges and emerging issues and propose concrete recommendations and actions, taking into account various proposals that have been put forward. We request the Economic and Social Council to consider this matter during its spring meeting and at its substantive session of 2009, in consultation with all relevant stakeholders, with a view to making appropriate and timely recommendations for final action by the General Assembly as early as possible in its sixty-fourth session.

90. We will consider the need to hold a follow-up financing for development conference by 2013.

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Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

Doha, Qatar
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Agenda item 10
Adoption of the outcome document of the Conference

Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

Draft resolution submitted on the recommendation of the Main Committee

The Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,

Having met in Doha, Qatar, from 29 November to 2 December 2008,

1. *Adopts* the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, which is annexed to the present resolution;

2. *Recommends* to the General Assembly that it endorse, during the main part of its sixty-third session, the Doha Declaration on Financing for Development as adopted by the Conference.

* Reissued for technical reasons.

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Annex

Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

Introduction

Reaffirming the goals and commitments of the Monterrey Consensus

1. We, Heads of State and Government and High Representatives, gathered in Doha, Qatar, from 29 November to 2 December 2008, almost seven years after the landmark International Conference on Financing for Development,[1] held in Monterrey, Mexico, reiterate our resolve to take concrete action to implement the Monterrey Consensus and address the challenges of financing for development in the spirit of global partnership and solidarity. We once again commit ourselves to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system.

2. We reaffirm the Monterrey Consensus[2] in its entirety, in its integrity and holistic approach, and recognize that mobilizing financial resources for development and the effective use of all those resources are central to the global partnership for sustainable development, including in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals. We also reaffirm the importance of freedom, peace and security, respect for all human rights, including the right to development, the rule of law, gender equality and an overall commitment to just and democratic societies for development, as spelled out in the Monterrey Consensus. We reiterate that each country has primary responsibility for its own economic and social development and that the role of national policies, domestic resources and development strategies cannot be overemphasized. At the same time, domestic economies are now interwoven with the global economic system and, inter alia, the effective use of trade and investment opportunities can help countries to fight poverty. National development efforts need to be supported by an enabling international economic environment.

3. We recognize that the international context has changed in profound ways since we met in Monterrey. There has been progress in some areas, but inequality has widened. We welcome the substantial increase in public and private flows since 2002, which has contributed to higher economic growth in most developing countries and a reduction in global poverty rates. Yet we express our deep concern that the international community is now challenged by the severe impact on development of multiple, interrelated global crises and challenges, such as increased food insecurity, volatile energy and commodity prices, climate change and a global financial crisis, as well as the lack of results so far in the multilateral trade negotiations and a loss of confidence in the international economic system. While acknowledging the response of the international community to these crises and challenges to date, such as the High-level Conference on World Food Security, held

[1] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7).

[2] Ibid., chap. I, resolution 1, annex.

in Rome from 3 to 5 June 2008, and the recent Summit on Financial Markets and the World Economy, held in Washington, D.C., on 15 November 2008, we are determined to take immediate and decisive actions and initiatives to overcome all these obstacles and challenges through achievement of people-centred development and to devise important measures for the full, effective and timely implementation of the Monterrey Consensus.

4. We recall that gender equality is a basic human right, a fundamental value and an issue of social justice; it is essential for economic growth, poverty reduction, environmental sustainability and development effectiveness. We reiterate the need for gender mainstreaming into the formulation and implementation of development policies, including financing for development policies, and for dedicated resources. We commit ourselves to increasing our efforts to fulfil our commitments regarding gender equality and the empowerment of women.

5. The spectre of terrorism continues to haunt us and is on the rise. This has serious implications for economic development and social cohesion, apart from its horrific human misery. We resolve to act together stronger than ever to address terrorism in all its forms and manifestations.

6. We reaffirm the political declaration on "Africa's development needs: state of implementation of various commitments, challenges and the way forward",[3] adopted at the high-level meeting of the General Assembly on 22 September 2008. We further reaffirm our commitment to provide and strengthen support to the special needs of Africa and stress that eradicating poverty, particularly in Africa, is the greatest global challenge facing the world today. We underline the importance of accelerating sustainable broad-based economic growth, which is pivotal to bringing Africa into the mainstream of the global economy. We reaffirm the commitment of all States to establish a monitoring mechanism to follow up on all commitments related to the development of Africa as contained in the political declaration on "Africa's development needs". All commitments to and by Africa should be effectively implemented and given appropriate follow-up by the international community and Africa itself. We underscore the urgency of addressing the special needs of Africa based on a partnership among equals.

7. We welcome the decision to convene the Fourth United Nations Conference on the Least Developed Countries at a high level in 2011.

Mobilizing domestic financial resources for development

8. In the years following the Monterrey Conference, a number of developing countries have made significant progress in the implementation of development policies in key areas of their economic frameworks, often contributing to increased mobilization of domestic resources and higher levels of economic growth. We will continue to build upon this progress through promoting inclusive and equitable growth, eradicating poverty and pursuing sustainable development in its economic, social and environmental dimensions, and by ensuring the necessary enabling environment for mobilizing public and private resources and expanding productive investments. Greater efforts are required to support the creation and sustenance of a conducive environment through appropriate national and international actions.

[3] Resolution 63/1.

9. We reaffirm that national ownership and leadership of development strategies and good governance are important for effective mobilization of domestic financial resources and fostering sustained economic growth and sustainable development. In this context, we should take into account the different characteristics and specificities of each country.

10. We recognize that a dynamic, inclusive well-functioning and socially responsible private sector is a valuable instrument for generating economic growth and reducing poverty. In order to foster private-sector development, we shall endeavour to promote an enabling environment that facilitates entrepreneurship and doing business by all, including women, the poor and the vulnerable. The international community, national Governments and regional economic groups should continue to support these efforts.

11. We will continue to pursue appropriate policy and regulatory frameworks at our respective national levels and in a manner consistent with national laws to encourage public and private initiatives, including at the local level, and to foster a dynamic and well-functioning business sector, while improving income growth and distribution, raising productivity, empowering women and protecting labour rights and the environment. We recognize that the appropriate role of Government in market-oriented economies will vary from country to country.

12. Human development remains a key priority, and human resources are the most precious and valuable asset that countries possess. The realization of full and productive employment and decent work for all[4] is essential. We will continue to invest in human capital through inclusive social policies, inter alia, on health and education, in accordance with national strategies. The provision of, and access to, financial and credit services to all is also important. Such facilities have begun to show results, but increased efforts, where appropriate, supported by the international community, are needed. We stress the importance of fostering diverse local and supporting industries that create productive employment and strengthen local communities. We will strive to ensure social security systems that protect the vulnerable in particular.

13. To advance towards the goals of the Monterrey Consensus, policies that link economic and social considerations are required to reduce inequalities within and among countries and guarantee that the poor and vulnerable groups benefit from economic growth and development. Measures aimed at integrating the poor into productive activities, investing in the development of their labour skills and facilitating their entry into the labour market are necessary. In this regard, greater efforts are required for mobilizing more resources, as appropriate, to provide universal access to basic economic and social infrastructure and inclusive social services, as well as capacity-building, taking special care of women, children, older persons and persons with disabilities in order to enhance their social protection.

14. The increasing interdependence of national economies in a globalizing world and the emergence of rules-based regimes for international economic relations have meant that the space for national economic policy, that is, the scope for domestic policies, especially in the areas of trade, investment and international development, is now often framed by international disciplines, commitments and global market

[4] International Labour Organization Declaration on Social Justice for a Fair Globalization; see, inter alia, Economic and Social Council resolution 2007/2.

considerations. It is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space.

15. We reiterate that macroeconomic policies should be aimed at sustaining high rates of economic growth, full employment, poverty eradication, and low and stable inflation, and seek to minimize domestic and external imbalances to ensure that the benefits of growth reach all people, especially the poor. They should also attach high priority to avoiding abrupt economic fluctuations that negatively affect income distribution and resource allocation. In this context, the scope for appropriate counter-cyclical policies to preserve economic and financial stability should be expanded. Public investment, consistent with medium- and long-term fiscal sustainability, may have a proactive role and encourage a virtuous cycle of investment.

16. We will continue to undertake fiscal reform, including tax reform, which is key to enhancing macroeconomic policies and mobilizing domestic public resources. We will also continue to improve budgetary processes and to enhance the transparency of public financial management and the quality of expenditures. We will step up efforts to enhance tax revenues through modernized tax systems, more efficient tax collection, broadening the tax base and effectively combating tax evasion. We will undertake these efforts with an overarching view to make tax systems more pro-poor. While each country is responsible for its tax system, it is important to support national efforts in these areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters, including in the area of double taxation. In this regard, we acknowledge the need to further promote international cooperation in tax matters, and request the Economic and Social Council to examine the strengthening of institutional arrangements, including the United Nations Committee of Experts on International Cooperation in Tax Matters.

17. The development of a sound and broad-based financial sector is central to the mobilization of domestic financial resources and should be an important component of national development strategies. We will strive for diversified, well-regulated, inclusive financial systems that promote savings and channel them to sound growth generating projects. We will further refine, as appropriate, the supervisory and regulatory mechanisms to enhance the transparency and accountability of the financial sector. We will aim to increase the domestic supply of long-term capital and promote the development of domestic capital markets, including through multilateral, regional, subregional and national development banks.

18. To achieve equitable development and foster a vibrant economy, it is vital to have a financial infrastructure that provides access to a variety of sustainable products and services for micro-, small- and medium-sized businesses, with particular emphasis on women, rural populations and the poor. We will make sure that the benefits of growth reach all people by empowering individuals and communities and by improving access to services in the fields of finance and credit. We recognize that microfinance, including microcredit, has proven to be effective in generating productive self-employment, which can contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals. Despite some progress, there is widespread demand for microfinance. We underline the need to appropriately support, in a coordinated

manner, the efforts of developing countries, including in capacity-building for their microfinance, including microcredit institutions.

19. Gender equality and women's empowerment are essential to achieve equitable and effective development and to foster a vibrant economy. We reaffirm our commitment to eliminate gender-based discrimination in all its forms, including in the labour and financial markets, as well as, inter alia, in the ownership of assets and property rights. We will promote women's rights, including their economic empowerment, and effectively mainstream gender in law reforms, business support services and economic programmes, and give women full and equal access to economic resources. We will further promote and reinforce capacity-building of State and other stakeholders in gender-responsive public management, including, but not limited to, gender budgeting.

20. Capital flight, where it occurs, is a major hindrance to the mobilization of domestic resources for development. We will strengthen national and multilateral efforts to address the various factors that contribute to it. It is vital to address the problem of illicit financial flows, especially money-laundering. Additional measures should be implemented to prevent the transfer abroad of stolen assets and to assist in the recovery and return of such assets, in particular to their countries of origin, consistent with the United Nations Convention against Corruption,[5] as well as to prevent capital flows that have criminal intent. We note the efforts of the United Nations Office on Drugs and Crime and the World Bank Group through the Stolen Asset Recovery Initiative and other relevant initiatives. In this regard, we urge as a matter of priority all States that have not yet done so to consider becoming parties to the International Convention for the Suppression of the Financing of Terrorism, and call for increased cooperation with the same objective.

21. The ongoing fight against corruption at all levels is a priority. Progress among countries has varied since 2002. Corruption affects both developed and developing countries, and both the public and private sectors. We are thus determined to take urgent and decisive steps to continue to combat corruption in all of its manifestations in order to reduce obstacles to effective resource mobilization and allocation and avoid the diversion of resources away from activities that are vital for development. This requires strong institutions at all levels, including, in particular, effective legal and judicial systems and enhanced transparency. We welcome the increased commitment of States that have already ratified or acceded to the United Nations Convention against Corruption, and, in this regard, urge all States that have not yet done so to consider ratifying or acceding to the Convention. We call upon all States parties to fully implement the Convention without delay and to work jointly in the establishment of a mechanism for follow-up on implementation of the Convention.

22. While the pursuit of economic resilience is important for all countries, it requires constant and more concerted efforts in small and vulnerable economies. These national efforts need to be reinforced by international support for capacity-building, including through financial and technical assistance, and United Nations operational activities for development in accordance with national development strategies and priorities. In development cooperation policies, we will pay special attention to the efforts and specific needs of Africa, the least developed countries,

[5] United Nations, *Treaty Series*, vol. 2347, No. 42146.

landlocked developing countries and small island developing States. Similarly, special and sustained attention is needed to support post-conflict countries in their rebuilding and development efforts.

Mobilizing international resources for development: foreign direct investment and other private flows

23. We recognize that private international capital flows, particularly foreign direct investment, are vital complements to national and international development efforts. We appreciate the rise in private international capital flows to developing countries since the Monterrey Conference and the improvements in business climates that have helped encourage it. However, we take note with concern that a significant number of developing countries have not experienced a rise in private international capital flows. We will seek to enhance such flows to support development. In this context, we will strengthen national, bilateral and multilateral efforts to assist developing countries in overcoming the structural or other constraints which currently limit their attractiveness as a destination for private capital and foreign direct investment. To that end, we acknowledge the need to particularly assist those countries that have been at a particular disadvantage in attracting such flows, including a number of African countries, least developed countries, landlocked developing countries, small island developing States and countries emerging from conflict or recovering from natural disasters. Such efforts could include the provision of technical, financial and other forms of assistance; the promotion and strengthening of partnerships, including public-private partnerships; and cooperation arrangements at all levels.

24. We will enhance efforts to mobilize investments from all sources in human resources, transport, energy, communications, information technology and other physical, environmental, institutional and social infrastructure that serve to strengthen the business environment, enhance competitiveness and expand trade in developing countries and economies in transition. We recognize the need for bilateral and multilateral partners to provide technical assistance and share best practices relating to these efforts. The programmes, mechanisms and instruments at the disposal of multilateral development agencies and bilateral donors can be used for encouraging business investment, including by contributing to mitigating some of the risks faced by private investors in critical sectors in developing and transition economies. Official development assistance (ODA) and other mechanisms, such as, inter alia, guarantees and public-private partnerships, can play a catalytic role in mobilizing private flows. At the same time, multilateral and regional development banks should continue to explore innovative modalities with developing countries, including low- and middle-income countries and countries with economies in transition, so as to facilitate additional private flows to such countries.

25. Experience has shown that providing an enabling domestic and international investment climate is fundamental to fostering domestic and foreign private investment. Countries need to continue their efforts to achieve a stable and predictable investment climate, with proper contract enforcement and respect for property rights. We will continue to put in place transparent and appropriate regulations at the national and international levels. Efforts should be enhanced to upgrade the skills and technical capabilities of human resources, improve the availability of finance for enterprise, facilitate public-private consultative mechanisms and promote corporate social responsibility. Bilateral investment

treaties may promote private flows by increasing legal stability and predictability to investors. It is important that bilateral investment treaties, as well as tax treaties and other tax measures to facilitate foreign investments, take into account regional and multilateral cooperation, including at the regional level. We acknowledge the importance of supporting capacity-building in developing countries aimed at improving their abilities to negotiate mutually beneficial investment agreements. It is important to promote good tax practices and avoid inappropriate ones.

26. To complement national efforts, there is a need for the relevant international and regional institutions, as well as appropriate institutions in source countries, to increase their support for private foreign investment in infrastructure development and other priority areas, including projects to bridge the digital divide in developing countries and countries with economies in transition. To this end, it is important to provide export credits, co-financing, venture capital and other lending instruments, risk guarantees, leveraging aid resources, information on investment opportunities, business development services, forums to facilitate business contacts and cooperation between enterprises of developed and developing countries, as well as funding for feasibility studies. Inter-enterprise partnership is a powerful means for the transfer and dissemination of technology. In this regard, strengthening of the multilateral and regional financial and development institutions is desirable. Additional source country measures should also be devised to encourage and facilitate investment flows to developing countries.

27. We recognize that the development impact of foreign direct investment should be maximized. We further recognize that the transfer of technology and business skills is a key channel through which foreign direct investment can positively impact development. We will strengthen national and international efforts aimed at maximizing linkages with domestic production activities, enhancing the transfer of technology and creating training opportunities for the local labour force, including women and young people. It is also important to enact and uphold, as appropriate, labour and environmental protection and anti-corruption laws and regulations in accordance with obligations undertaken in relevant international conventions. We welcome efforts to promote corporate social responsibility and good corporate governance. In this regard, we encourage the work undertaken at the national level and by the United Nations, including through the United Nations Global Compact, and the promotion of internationally agreed corporate social responsibility frameworks, such as the International Labour Organization Tripartite Declaration. We reaffirm that every State has, and shall freely exercise full permanent sovereignty over, all its wealth, natural resources and economic activity. We support measures to enhance corporate transparency and accountability of all companies, taking into account the fundamental principles of domestic law. We take note of voluntary initiatives in this regard, including, inter alia, the Extractive Industries Transparency Initiative.

28. We realize that the perception of a country's current economic conditions and prospects influences the international private financial flows that it attracts. The provision of objective, high-quality information from all sources, including private and public entities, such as national statistical agencies, the International Monetary Fund (IMF), the World Bank, the United Nations system, investment advisers and credit-rating agencies, is vital for informed decisions by potential domestic and foreign investors alike. We will continue to strengthen modalities, including through the efforts of the country itself, the United Nations system and relevant multilateral

agencies, to enhance and improve the level and objectivity of information regarding a country's economic situation and outlook.

29. Remittances have become significant private financial resources for households in countries of origin of migration. Remittances cannot be considered as a substitute for foreign direct investment, ODA, debt relief or other public sources of finance for development. They are typically wages transferred to families, mainly to meet part of the needs of the recipient households. The manner of their disposal or deployment is an individual choice. A large portion of migrants' incomes is spent in destination countries and constitutes an important stimulus to domestic demand in their economies. In this regard, we will strengthen existing measures to lower the transaction costs of remittances through increased cooperation between originating and receiving countries and create opportunities for development-oriented investments.

International trade as an engine for development

30. We reaffirm that international trade is an engine for development and sustained economic growth. We also reaffirm that a universal, rules-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can substantially stimulate development worldwide, benefiting all countries at all stages of development. We are encouraged that international trade, especially the trade of developing countries as a group, has expanded at a fast pace in the current decade. Trade among developing countries has now become one of the most dynamic elements in world trade. However, many developing countries, in particular the least developed countries, have remained at the margins of these developments and their trade capacity needs to be enhanced to enable them to exploit more effectively the potential of trade to support their development. We also reaffirm our commitment to meaningful trade liberalization and to ensure that trade plays its full part in promoting economic growth, employment and development for all. We recall our commitment in the Monterrey Consensus to the decisions of the World Trade Organization to place the needs and interests of developing countries at the heart of its work programme and to implement its recommendations.

31. A well-functioning multilateral trading system can bring benefits to all and can contribute to enhancing the integration of the developing countries in the system, in particular the least developed countries. We reiterate our urgent resolve to ensure that the ongoing efforts to improve the operation of the multilateral trading system to better respond to the needs and interests of all developing countries, in particular the least developed countries. This is particularly important at a time when the systemic impact of the financial crisis is affecting us all. We call for the implementation of the ministerial declaration of the World Trade Organization adopted at its Sixth Ministerial Conference, held in Hong Kong, China, on the central importance of the development dimension in every aspect of the Doha Development Agenda work programme and its commitment to making the development dimension a meaningful reality. We emphasize that maximizing the benefits and minimizing the costs of international trade liberalization calls for development-oriented and coherent policies at all levels.

32. We are very concerned that, despite significant efforts, the Doha Development Agenda round of multilateral trade negotiations has not yet been concluded. A successful result should support the expansion in the exports of developing

countries, reinforce the potential for trade to play its due role as the engine of growth and development, and provide increased opportunities for developing countries to use trade to support development. It is important to make progress in key areas of the Doha Development Agenda of special interest to developing countries, such as those outlined in paragraph 28 of the Monterrey Consensus, reaffirming the importance of special and differential treatment referred to therein. To this end, flexibility and political will are essential. We welcome recent commitments concerning trade and the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty, especially as this might particularly affect developing countries. On this basis, we will urgently re-engage and strive to reach agreement by the end of the year on modalities that lead to a successful and early conclusion to the World Trade Organization Doha Development Agenda with an ambitious, balanced and development-oriented outcome.

33. We acknowledge that the optimum pace and sequence of trade liberalization depends on the specific circumstances of each country, and that each country will make this decision based on its own evaluation of the costs and benefits. Trade liberalization must be complemented by appropriate action and strategies at the national level for the expansion of productive capacities, the development of human resources and basic infrastructure, the absorption of technology and the implementation of adequate social safety nets. Achieving the positive impact of trade liberalization on developing countries will also depend to a significant extent on international support for the above measures and actions against policies and practices that distort trade.

34. We recognize the particular challenges faced by least developed countries in integrating beneficially into the international trading system. We acknowledge that least developed countries require special measures and international support to benefit fully from world trade, as well as in adjusting to and integrating beneficially into the global economy. We welcome the decision at the Sixth World Trade Organization Ministerial Conference, held in Hong Kong, China, from 13 to 18 December 2005, on improved market access for least developed countries as set out in the decision and its annex,[6] and call for its full implementation. We also welcome the actions taken by some individual countries since Monterrey towards the goal of full duty-free and quota-free market access for all least developed countries, and call on other developed and developing countries declaring themselves in a position to do so to take steps towards this objective. We will also reinforce efforts to provide technical assistance to least developed countries that request it in order to enable them to participate more effectively in the multilateral trading system, including through the effective operation of the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and by providing support to allow them to participate effectively in international trade negotiations.

35. We also recognize the particular challenges that may be faced by other developing countries, including small and vulnerable economies, to fully benefit from the multilateral trading system. Appropriate consideration and support should be provided to these countries to help facilitate their effective participation in the global economy. In this regard, we encourage progress in the implementation of the

[6] See WT/MIN(05)/DEC, para. 47 and annex F.

World Trade Organization work programme on small economies, mandated in the Doha Ministerial Declaration.[7]

36. Aid for Trade is an important component of the measures that will assist developing countries in taking advantage of the opportunities offered by the international trading system, the outcome of the Doha round and regional trade agreements. A critical aim of Aid for Trade should be to enhance trade capacity and international competitiveness while ensuring ownership and alignment with national development strategies of individual developing countries. Aid for Trade should aim to help developing countries, particularly least developed countries, with trade policy and regulations; trade development; building productive capacities; trade-related infrastructure; trade-related adjustment and other trade-related needs. However, Aid for Trade is a complement and not a substitute for a successful outcome of the Doha Development Agenda or any other trade negotiation. Successful programmes under the Aid for Trade Initiative require joint efforts by concerned partners. The commitments by individual donors relating to Aid for Trade should be fully implemented in a timely manner. It is also important that the Aid for Trade needs and priorities of recipient countries are fully integrated and reflected in their national development strategies. United Nations specialized agencies that have a relevant mandate in this field should continue to help developing countries build their trade-related productive capacities.

37. Broader and effective participation of developing countries in the multilateral trading system, including in any round of multilateral trade negotiations and in the World Trade Organization Doha Development Agenda negotiations, are key objectives. We note progress in this area since Monterrey, as evidenced by the countries that have acceded to the World Trade Organization, the countries that have newly engaged in World Trade Organization accession and the countries that have made progress towards World Trade Organization accession over the past six years. We welcome additional progress in this regard. We also reaffirm our undertaking in Monterrey to facilitate the accession of all developing countries, particularly the least developed countries, as well as countries with economies in transition, that apply for membership in the World Trade Organization. In this regard, we note the decision of the Sixth World Trade Organization Ministerial Conference to give priority to the ongoing accessions with a view to concluding them as rapidly and smoothly as possible.

38. We recognize that regional integration as well as bilateral trade and economic cooperation agreements are important instruments to expand trade and investment. We should continue to ensure that these agreements promote long-term development, advance the goals of the World Trade Organization and are complementary elements of the multilateral trading system. International support for cooperation in trade and other trade-related areas can be catalytic in strengthening and consolidating regional and subregional integration. We stress the importance of increased support to South-South trade and cooperation initiatives in trade-related areas, including through triangular cooperation, consistent with World Trade Organization rules.

39. We welcome the ongoing work of international institutions that assist developing countries in realizing the benefits of trade liberalization, in particular the

[7] See WT/MIN(01)/DEC/1, para. 35; and WT/L/447.

United Nations, the World Trade Organization, the World Bank, IMF and the regional development banks, and encourage their continuing efforts to facilitate trade that results in economic growth and development. In this context, we welcome the outcome of the twelfth session of the United Nations Conference on Trade and Development (UNCTAD), held in Accra from 20 to 25 April 2008, and reaffirm the role of UNCTAD in trade and development.

Increasing international financial and technical cooperation for development

40. We recognize the severe impacts that the current financial and economic crises are having on the ability of developing countries to mobilize resources for development. We stress the importance that ODA plays, leveraging and sustaining financing for development in developing countries. In this regard, we recall our commitments to the internationally agreed development goals, including the Millennium Development Goals, and call for the international community to redouble its efforts to facilitate the achievement of these goals.

41. We reaffirm the essential role that ODA plays, as a complement to other sources of financing for development, in facilitating the achievement of development objectives, including the internationally agreed development goals, in particular the Millennium Development Goals. For many African countries, least developed countries, small island developing States and landlocked developing countries, ODA is still the largest source of external financing. ODA can play a catalytic role in assisting developing countries in removing constraints to sustained, inclusive and equitable growth, such as enhancing social institutional and physical infrastructure; promoting foreign direct investment, trade and technological innovation; improving health and education; fostering gender equality; preserving the environment; and eradicating poverty.

42. We are encouraged by the recovery of ODA from its declining trend before the Monterrey Conference (ODA in real terms increased by 40 per cent between 2001 and 2007), while noting that a significant part of aid flows after 2002 comprised debt relief and humanitarian assistance. However, we note with concern the overall decline in ODA in 2006 and 2007, driven in particular by the drop-off in debt relief from its peak in 2005. We are encouraged by the fact that some donor countries have met or surpassed the ODA targets referenced in the Monterrey Consensus (0.7 per cent of gross national product (GNP) for ODA to developing countries and 0.15 to 0.20 per cent of GNP for ODA to least developed countries). We are also encouraged by others that have established timetables for fulfilling their long-standing commitments, such as the European Union, which has agreed to provide, collectively, 0.56 per cent of GNP for ODA by 2010 and 0.7 per cent by 2015 and to channel at least 50 per cent of collective aid increases to Africa, while fully respecting the individual priorities of Member States in development assistance. We welcome the more than doubling of ODA by the United States. We also welcome the declaration by the leaders of the Group of Eight in Hokkaido, Japan, that they are firmly committed to working to fulfil their commitments made at Gleneagles, Scotland, including increasing, compared to 2004, with other donors, ODA to Africa by $25 billion a year by 2010. We encourage donors to work on national timetables, by the end of 2010, to increase aid levels within their respective budget allocation processes towards achieving the established ODA targets. The full implementation of these commitments will substantially boost the resources available to push forward the international development agenda.

43. The fulfilment of all ODA commitments is crucial, including the commitments by many developed countries to achieve the target of 0.7 per cent of GNP for ODA to developing countries by 2015 and to reach the level of at least 0.5 per cent of GNP for ODA by 2010, as well as a target of 0.15 to 0.20 per cent of GNP for ODA to least developed countries. To reach their agreed timetables, donor countries should take all necessary and appropriate measures to raise the rate of aid disbursements to meet their existing commitments. We urge those developed countries that have not yet done so to make additional concrete efforts towards the target of 0.7 per cent of GNP for ODA to developing countries, including the specific target of 0.15 to 0.20 per cent of GNP for ODA to least developed countries in line with the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010,[8] in accordance with their commitments. To build on progress achieved in ensuring that ODA is used effectively, we stress the importance of democratic governance, improved transparency and accountability, and managing for results. We strongly encourage all donors to establish, as soon as possible, rolling indicative timetables that illustrate how they aim to reach their goals, in accordance with their respective budget allocation process. We stress the importance of mobilizing greater domestic support in developed countries towards the fulfilment of their commitments, including through raising public awareness, and by providing data on aid effectiveness and demonstrating tangible results.

44. We stress the importance of addressing the development needs of low-income developing countries, including through the provision of technical, financial and other forms of assistance, the promotion and strengthening of partnerships and cooperation arrangements at all levels.

45. We recognize that middle-income countries still face significant challenges in the area of poverty eradication and that their efforts to address those challenges should be strengthened and supported by the United Nations system, the international financial institutions and all other stakeholders, in order to ensure that achievements made to date are sustained. We also acknowledge that ODA is still essential for a number of these countries and has a role to play in targeted areas, taking into account the needs and domestic resources of these countries.

46. We welcome increasing efforts to improve the quality of ODA and to increase its development impact. The Economic and Social Council Development Cooperation Forum, along with recent initiatives, such as the High-level Forums on Aid Effectiveness, which produced the 2005 Paris Declaration on Aid Effectiveness, and the 2008 Accra Agenda for Action, make important contributions to the efforts of those countries which have committed to them, including through the adoption of the fundamental principles of national ownership, alignment, harmonization and managing for results. Continued building on these initiatives, including through more inclusive and broad-based participation, will contribute to enhancing national ownership and making aid delivery more effective and efficient and lead to improved outcomes. We also encourage all donors to improve the quality of aid, increase programme-based approaches, use country systems for activities managed by the public sector, reduce transaction costs and improve mutual accountability and transparency and, in this regard, we call upon all donors to untie aid to the maximum extent. We will make aid more predictable by providing developing countries with regular and timely, indicative information on planned support in the

[8] A/CONF.191/11.

medium term. We recognize the importance of efforts by developing countries to strengthen leadership of their own development, national institutions, systems and capacity to ensure the best results of aid by engaging with parliaments and citizens in shaping those policies and deepening engagement with civil society organizations. We should also bear in mind that there is no one-size-fits-all formula that will guarantee effective assistance. The specific situation of each country needs to be fully considered.

47. We note that the aid architecture has significantly changed in the current decade. New aid providers and novel partnership approaches, which utilize new modalities of cooperation, have contributed to increasing the flow of resources. Further, the interplay of development assistance with private investment, trade and new development actors provides new opportunities for aid to leverage private resource flows. We re-emphasize the importance of the Development Cooperation Forum of the Economic and Social Council as the focal point within the United Nations system for holistic consideration of issues of international development cooperation, with participation by all relevant stakeholders. We shall pursue efforts, both in the United Nations and in collaboration with other relevant institutions, such as the Organization for Economic Cooperation and Development (OECD)/ Development Assistance Committee (DAC), to advance dialogue and cooperation among the increasingly diverse community of development partners. All development actors should cooperate closely to ensure that increased resources from all sources are used in a manner which ensures maximum effectiveness. We shall also pursue enhanced collaboration at the country level with the private sector, non-official donors, regional organizations and official donors.

48. There is a growing need for more systematic and universal ways to follow quantity, quality and effectiveness of aid flows, giving due regard to existing schemes and mechanisms. We invite the Secretary-General, with relevant United Nations system agencies, in close cooperation with the World Bank, the regional and subregional development banks, OECD/DAC and other relevant stakeholders, to address this issue and to provide a report for consideration by the Development Cooperation Forum.

49. We reiterate our support for South-South cooperation, as well as triangular cooperation, which provides much needed additional resources to the implementation of development programmes. We recognize the importance and different history and particularities of South-South cooperation and stress that South-South cooperation should be seen as an expression of solidarity and cooperation between countries, based on their shared experiences and objectives. Both forms of cooperation support a development agenda that addresses the particular needs and expectations of developing countries. We also recognize that South-South cooperation complements rather than substitutes for North-South cooperation. We acknowledge the role played by middle-income developing countries as providers and recipients of development cooperation. Regional cooperation could also be strengthened as an effective vehicle for mobilizing resources for development, inter alia, by strengthening regional financial institutions to better assist in upgrading critical sectors in developing countries.

50. We encourage developing countries in a position to do so to continue to make concrete efforts to increase and make more effective their South-South cooperation initiatives in accordance with the principles of aid effectiveness.

51. We recognize the considerable progress made since the Monterrey Conference in voluntary innovative sources of finance and innovative programmes linked to them. We acknowledge that a number of the initiatives of the Technical Group created by the Global Action Initiative against Hunger and Poverty and the Leading Group on Solidarity Levies to Fund Development have become a reality or are in an advanced stage towards implementation. These include, inter alia, the International Finance Facility for Immunization; the pilot advance market commitments and the airline ticket solidarity levies, which finance health programmes in several developing countries, including the international drug purchase facility UNITAID to help combat HIV/AIDS, tuberculosis and malaria; and instruments based on the carbon market. Other noteworthy initiatives include the United States Millennium Challenge Corporation, the President's Emergency Plan for AIDS Relief, the India Brazil-South Africa Fund, the Egyptian Fund for Technical Cooperation and support to African countries the Libya-Africa Investment Portfolio and the PetroCaribe Initiative. We encourage the scaling up and the implementation, where appropriate, of innovative sources of finance initiatives. We acknowledge that these funds should supplement and not be a substitute for traditional sources of finance, and should be disbursed in accordance with the priorities of developing countries and not unduly burden them. We call on the international community to consider strengthening current initiatives and explore new proposals, while recognizing their voluntary and complementary nature. We request the Secretary-General of the United Nations to continue to address the issue of innovative sources of development finance, public and private, and to produce a progress report by the sixty-fourth session of the General Assembly, taking into account all existing initiatives.

52. We reiterate our resolve to operationalize the World Solidarity Fund established by the General Assembly and invite those countries in a position to do so to make voluntary contributions to the Fund. We also recall the establishment of the Digital Solidarity Fund and encourage voluntary contributions to its financing, including through considering innovative financing mechanisms.

53. We underscore the importance of capacity development and strengthening technical cooperation as important avenues for developing countries to attain their development objectives. In this regard, we reiterate the importance of human resources development, including training, exchange of expertise, knowledge transfer and technical assistance for capacity-building, which involves strengthening institutional capacity, project management and programme planning. The capacity of developing countries to absorb long-term development aid has begun to increase.

54. We underline the important role of an effective, well managed and adequately resourced United Nations system through its operational activities in delivering capacity-building support for development with long-term sustainability. This is particularly important for least developed countries. Given that the level of core funding inevitably affects the ability of the United Nations system to fulfil this mandate, we urge donor countries and other countries in a position to do so to substantially increase voluntary contributions to the core/regular budgets of the United Nations development system, in particular its funds, programmes and specialized agencies, and to contribute on a multi-year basis, in a sustained and predictable manner. We also note that non-core resources represent an important supplement to the regular resource base of the United Nations development system to support operational activities for development, thus contributing to an increase in total resources, while recognizing that non-core resources are not a substitute for

core resources and that unearmarked contributions are vital for the coherence and harmonization of operational activities for development. We welcome the efforts to improve efficiency, coherence and effectiveness of the United Nations development system.

55. The multilateral development banks, including the World Bank, regional and subregional development banks and other international institutions that promote development, can be an important source of financing for development. They provide strategic resources, including in the form of technical assistance, for such areas as governance, institution and capacity-building and the promotion of best practices. They play an important role in enhancing the integration of developing countries in the world economy and in supporting regional integration and other cooperation efforts. They also constitute a valuable forum for exchange of information on best practices between developing countries. For some countries, the net outflow of resources from some of these institutions has become negative and, therefore, we will work with these institutions to enhance their financing to developing countries as part of the measures for further implementation of the Monterrey Consensus. These institutions should continue to explore innovative ways to use their capital to leverage additional finance to foster development while preserving their capital and ensuring their activity is sustainable.

External debt

56. The debt stock of developing countries as a group continues to increase, while key debt sustainability indicators have improved significantly since Monterrey, but care needs to be taken to avoid a recurrence of unsustainable levels of debt. Debt repayment by several developing countries, debt relief under the Heavily Indebted Poor Countries Initiative (HIPC), the Multilateral Debt Relief Initiative (MDRI) and the Evian treatment in the Paris Club, together with other debtor countries' efforts and ongoing initiatives, such as the World Bank/IMF Debt Sustainability Framework, have contributed to achieving such progress. The HIPC initiative is estimated to provide a total of US$ 71 billion to 41 eligible countries, while MDRI is expected to provide an additional US$ 28 billion.[9] Borrowing countries have also enhanced their debt management programmes and many have built reserves. Debt relief initiatives also helped beneficiary countries mobilize much-needed resources for poverty reduction, as part of wider efforts to mobilize financial resources for development. We recognize that the current global financial and economic crises carry the possibility of undoing years of hard work and gains made in relation to the debt of developing countries. The situation demands the implementation of existing and any future bold and encompassing initiatives and mechanisms to resolve the current debt problems of developing countries, particularly for Africa and the least developed countries, in an effective and equitable manner, including through debt cancellation.

57. We stress the importance of continued flexibility with regard to the eligibility criteria for debt relief under HIPC and MDRI. We recall our encouragement to donor countries to take steps to ensure that resources provided for debt relief do not detract from ODA resources intended to be available for developing countries.

[9] Both figures in net present value terms at the end of 2007.

58. We underline that heavily indebted poor countries eligible for debt relief will not be able to enjoy its full benefits unless all creditors, including public and private, contribute their fair share and become involved in the international debt resolution mechanisms to ensure the debt sustainability of low-income countries.

59. We emphasize that middle-income developing countries are mainly responsible for the achievement and maintenance of a sustainable debt situation and for addressing their external debt situation. While welcoming the Evian approach, we emphasize the importance of sustained efforts by all towards achieving sustainable debt of middle-income countries, including by improving their sustainable debt management and through debt relief based on current debt mechanisms and debt swap mechanisms on a voluntary basis.

60. We recognize that important challenges remain. Debt service accounts for a significant portion of the fiscal budget and is still unsustainable in a number of developing countries. The existing international debt resolution mechanisms are creditor-driven, while taking into account debtor country situations. More efforts are needed through international debt resolution mechanisms to guarantee equivalent treatment of all creditors, just treatment of creditors and debtors, and legal predictability. We are deeply concerned about increasing vulture fund litigation. In this respect, we welcome recent steps taken to prevent aggressive litigation against HIPC-eligible countries, including through the enhancement of debt buy-back mechanisms and the provision of technical assistance and legal support, as appropriate, by the Bretton Woods institutions and the multilateral development banks. We call on creditors not to sell claims on HIPC to creditors that do not participate adequately in the debt relief efforts.

61. We will intensify our efforts to prevent debt crises by enhancing international financial mechanisms for crisis prevention and resolution, in cooperation with the private sector, and by finding solutions that are transparent and agreeable to all. These mechanisms need to be underpinned by principles that have served us well in dealing effectively with many debt problems. These include the need to ensure that debt resolution is a joint responsibility of all debtors and creditors, both State and commercial; to recognize that furthering development and restoring debt sustainability are the main objectives of debt resolution; to strengthen transparency and accountability among all parties; to promote responsible borrowing and lending practices; to improve debt management and national ownership of debt management strategies; and to facilitate equivalent treatment of all creditors.

62. We recognize that a shift has occurred from official to commercial borrowing and from external to domestic public debt, although for most low-income countries external finance is still largely official. We note that the number of creditors, both official and private, has increased significantly. We stress the need to address the implications of these changes, including through improved data collection and analysis.

63. In debt renegotiations, we stress the need for full involvement of debtors as well as creditors and the importance of taking into account debtors' national policies and strategies linked to attaining the internationally agreed development goals, including the Millennium Development Goals.

64. Technical assistance to manage debt and address debt problems can be crucial for many countries, in particular the most vulnerable. We reaffirm the importance of

adequate capacities of debtor countries during debt negotiations, debt renegotiations and for debt management. In this regard, we will continue to provide developing countries with the necessary assistance, including technical assistance, upon request, to enhance debt management, negotiations and renegotiation capacities, including tackling external debt litigation, in order to achieve and maintain debt sustainability. The Bretton Woods institutions and other relevant organizations should continue to play an important role in this field, as appropriate, given their respective mandates. Preserving long-term debt sustainability is a shared responsibility of lenders and borrowers. To this end, we encourage the use of the joint IMF/World Bank Debt Sustainability Framework by creditors and debtors, as appropriate. Borrowers should strive to implement sound macroeconomic policies and public resource management, which are key elements in reducing national vulnerabilities.

65. Particular attention should be paid to keeping the debt sustainability frameworks under review to enhance the effectiveness of monitoring and analysing debt sustainability and consider fundamental changes in debt scenarios, in the face of large exogenous shocks, including those caused by natural catastrophes, severe terms-of-trade shocks or conflict. We stress the need to construct debt indicators based on comprehensive, objective and reliable data. We also need to increase information-sharing, transparency and the use of objective criteria in the construction and evaluation of debt scenarios, including an assessment of domestic public and private debt in order to achieve development goals. We are convinced that enhanced market access to goods and services of export interest to debtor countries is an important factor in enhancing debt sustainability.

66. Debt sustainability frameworks should also give due weight to the development needs of debtor countries, including benefits from expenditures and investment that have long-term social and economic returns. Given the imperative of maintaining debt sustainability and the external financing requirements for meeting development goals, particularly in least developed countries and low-income countries facing increased risks of debt distress, bilateral donors and multilateral financial institutions should seek to increasingly provide grants and concessional loans as the preferred modalities of their financial support instruments to ensure debt sustainability.

67. We acknowledge the need to continue to address all relevant issues regarding external debt problems, including through the United Nations, and we will consider ways to explore enhanced approaches of sovereign debt restructuring mechanisms based on existing frameworks and principles, with broad creditors' and debtors' participation and ensuring comparable burden-sharing among creditors, with an important role for the Bretton Woods institutions.

Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development

68. Some results have been achieved since Monterrey in addressing systemic issues, but significant additional progress is needed. This is all the more urgent given the current financial crisis. The progress expected after Monterrey with the mandated work of the multilateral financial institutions, including the role of IMF in strengthening surveillance, giving high priority to the identification and prevention of potential crises and strengthening the underpinnings of international financial stability, remains incomplete. The current financial crisis, as well as the continued

weaknesses in the international financial system, further underline the need to strengthen the international financial architecture. The reform of the international financial architecture should focus on providing greater transparency and strengthening the voice and participation of developing countries and countries with economies in transition in international decision-making and norm-setting. Thus, we resolve to undertake appropriate and timely steps to improve the functioning of the international economic and financial system. It is essential to maintain the involvement of the United Nations in these undertakings. This is crucial for an integrated implementation of the Monterrey Consensus.

69. We resolve to strengthen the coordination of the United Nations system and all other multilateral financial, trade and development institutions to support economic growth, poverty eradication and sustainable development worldwide. Greater cooperation between the United Nations, the Bretton Woods institutions and the World Trade Organization is needed, based on a clear understanding and respect for their respective mandates and governance structures.

70. We encourage better coordination and enhanced coherence among relevant ministries in all countries to assist in the formulation and effective implementation of policies at all levels. We also encourage international financial and development institutions to continue to enhance policy coherence for development, taking into account diversified needs and changing circumstances. In order to complement national development efforts, we call on all countries whose policies have an impact on developing countries to increase their efforts to formulate policies consistent with the objectives of sustained growth, poverty eradication and sustainable development of developing countries.

71. Stable international financial markets require sound macroeconomic and financial policies. It is crucial that all countries manage their macroeconomic and financial policies in ways that contribute to global stability and sustained economic growth and sustainable development. Solid and strong financial institutions at the national and international levels are essential pillars of a well-functioning international financial system. Countries should continue to pursue sound macroeconomic policies and, as appropriate, structural reform while also strengthening their financial systems and economic institutions.

72. New and highly globalized financial instruments continue to change the nature of risks in the world economy, requiring continuing enhancement of market oversight and regulation. To strengthen the resilience of the international financial system, we will implement reforms that will strengthen the regulatory and supervisory frameworks of financial markets as needed. We will strive to improve key accounting standards to remedy weaknesses and deficiencies, including those exposed by the current financial crisis. National regulators should enhance financial information and transparency at the domestic level. We will further enhance cooperation among national regulators from all countries to strengthen international financial standards. These efforts should address timely and adequate risk disclosure standards in order to improve the foundation of decisions of investors. There is also a need for enhanced transparency by financial institutions. Enhanced disclosure practices and transparency should assist efforts to reduce illicit capital flows.

73. We reaffirm that the international financial institutions, including the Bretton Woods institutions, need to be further reformed. The reformed multilateral financial institutions should have the technical capacities, credit facilities and financial

resources to deal with the management and swift resolution of financial crises in a manner that elicits and facilitates international cooperation and that is consistent with their respective mandates. The international financial institutions should continue to foster the multilateral cooperation needed to restore and safeguard international monetary and financial stability and should stand ready to quickly make available sufficient resources to help countries in overcoming crises. The International Monetary Fund, in collaboration with an expanded and representative Financial Stability Forum and other bodies, should work to better identify vulnerabilities, anticipate potential stresses and act swiftly to play a key role in crisis response. Similarly, the World Bank can also play a significant role to mitigate the difficulties countries face. The Bretton Woods institutions must continue, within their respective mandates, to help developing countries to deal with the adverse effects of exogenous shocks, such as large fluctuations in the prices of key commodities, for example, through the reformed IMF Exogenous Shocks Facility. We also recognize the need for keeping under review the allocation of special drawing rights for development purposes.

74. Regional development banks play a vital role in supporting economic development and assisting regional integration efforts. We encourage continued cooperation and coordination among the regional development banks and other international financial institutions, as appropriate. We should review the adequacy of resources required to accomplish their tasks, as necessary. Other regional cooperation frameworks, such as financial and monetary arrangements that complement the international financial system, can be instrumental in fostering development and financial stability among their members and should be in line with multilateral frameworks, as appropriate. Those arrangements can facilitate financial flows and lower transaction costs and may serve as mechanisms that assist in the prevention of financial crises and render parties to such arrangements more resilient.

75. Credit rating agencies also play a significant role in the provision of information, including assessment of corporate and sovereign risks. The information provided by credit rating agencies should be based on broadly accepted, clearly defined, objective and transparent parameters. The ongoing financial crisis has revealed weaknesses and raised concerns about accounting standards and the way credit rating agencies currently operate. We will exercise strong oversight over credit rating agencies, consistent with the agreed and strengthened international code of conduct, and take additional action to strengthen financial market transparency and enhance the convergence of global accounting standards.

76. We recognize the need to address the often expressed concern at the extent of representation of developing countries in the major standard-setting bodies. We therefore welcome the proposed expansion of the membership in the Financial Stability Forum and encourage the major standard-setting bodies to review their membership promptly while enhancing their effectiveness.

77. We underscore that the Bretton Woods institutions must be comprehensively reformed so that they can more adequately reflect changing economic weights in the world economy and be more responsive to current and future challenges. We reaffirm that the enhancement of voice and participation of developing countries in the Bretton Woods institutions, in accordance with their respective mandates, is central to strengthening the legitimacy and effectiveness of these institutions. We recognize the governance reforms that the international financial institutions have

already undertaken, including the recent agreement regarding the quota review and voice reforms at IMF and related steps in the World Bank, and encourage further reforms in that direction.

78. Welcoming the ongoing international discussions on global economic governance structures, we acknowledge the need to ensure that all countries, including low-income countries, are able to effectively participate in this process. This debate should review the international financial and monetary architecture and global economic governance structures in order to ensure a more effective and coordinated management of global issues. Such a debate should associate the United Nations, the World Bank, IMF and the World Trade Organization, should involve regional financial institutions and other relevant bodies and should take place in the context of the current initiatives aimed at improving the inclusiveness, legitimacy and effectiveness of the global economic governance structures. Greater cooperation among the United Nations, the Bretton Woods institutions and the World Trade Organization is needed, based on a clear understanding and respect for their respective mandates and governance structures.

79. The United Nations will hold a conference at the highest level on the world financial and economic crisis and its impact on development. The conference will be organized by the President of the General Assembly and the modalities will be defined by March 2009 at the latest.

Other new challenges and emerging issues

80. We commit ourselves to reinvigorating the global partnership for development in order to effectively address the full range of financing for development challenges facing the world today. We recognize that multiple financing for development challenges and opportunities have emerged since the Monterrey Conference, including the impact of the financial crisis, additional costs of climate change mitigation and adaptation and damage to the Earth's environment, price volatility in international markets of key commodities, expanding economic cooperation and the growing needs for reconstruction and development of post-conflict countries. We reaffirm our resolve to take concerted global action to address all these areas while consistently furthering economic and human development for all.

81. We are deeply concerned by the impact of the current financial crisis and global economic slowdown on the ability of developing countries to access the necessary financing for their development objectives. Developing countries and countries with economies in transition risk suffering very serious setbacks to their development objectives, in particular the achievement of the internationally agreed development goals, including the Millennium Development Goals. It is critical to adopt further decisive and prompt actions to contain the current crisis and restore sustained economic growth. Given this global context, we call the attention of all donors to the situation and needs of the poorest and most vulnerable. We also urge all donors to maintain and deliver on their ODA commitments and call on the international community, including the World Bank and IMF, to draw on the full range of their policy advice and resources, as appropriate, to help developing countries and countries with economies in transition to strengthen their economies, maintain growth and protect the most vulnerable groups against the severe impacts of the current crisis. In this context, it is also important for developing countries to

maintain sound macroeconomic policies that support sustained economic growth and poverty eradication.

82. The concern of the international community about climate change has increased markedly since the adoption of the Monterrey Consensus. We reiterate the importance of reaching an agreed outcome at the fifteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Copenhagen from 30 November to 11 December 2009, and urge all parties to engage constructively in negotiations consistent with the Bali Action Plan. Ongoing and potential responses to tackle this phenomenon have major financing for development implications and will incur substantial additional costs on all countries, thus requiring additional resource mobilization, including from the private sector, particularly for developing countries to address the challenges of climate change, in order to support appropriate national adaptation and mitigation strategies and actions. We reiterate that it is critical to address the pressing needs of developing countries, especially those that are particularly vulnerable to the adverse impacts of climate change, such as the least developed countries, small island developing States, and other affected countries in Africa. In this regard, we urge all parties to engage in the ongoing process in a manner that will ensure an agreed outcome commensurate with the scope and urgency of the climate change challenge. The States parties to the Kyoto Protocol welcome the launching of the Adaptation Fund within the structure of the United Nations Framework Convention on Climate Change and look forward to its early operationalization with full support.

83. We also underscore the special challenges emerging from volatility in international commodity markets, particularly the volatility of food and energy prices. We take note of recent initiatives and will continue to mobilize resources to assist developing countries, in particular the least developed countries, attain food and energy security. At the same time, we recognize the necessity of a substantial sustainable expansion of food production in developing countries by enhancing investments and productivity in the agricultural sector, including in small-scale farms, promoting rural development and intensifying agricultural research. It is critical to eliminate barriers to food production, to improve processing and distribution over time and to have carefully targeted safety nets in the event of food crises. We recognize that food insecurity has multiple and complex causes and that its consequences require a comprehensive and coordinated response in the short, medium and long terms by national Governments and the international community. We thus encourage the development of an inclusive global partnership for agriculture and food. We acknowledge the work of the High-level Task Force on the Global Food Security Crisis established by the Secretary-General and encourage its continued engagement with States Members of the United Nations, relevant organizations, the private sector and, especially, farmers.

84. We acknowledge the recent volatility in energy markets and its impact on low- and middle-income countries. We will strengthen cooperation to develop energy systems that can assist in meeting development needs and are consistent with the efforts to stabilize the global climate, in accordance with the principle of common but differentiated responsibilities and respective capabilities. We will strengthen our efforts to substantially increase the share of renewable energies and to promote energy efficiency and conservation. We reaffirm that access to basic energy services and to clean and sustainable energy is important to eradicate extreme poverty and to

achieve the internationally agreed development goals, including the Millennium Development Goals.

85. We acknowledge the recent efforts to bring to light the particular challenges faced by middle-income countries in the area of development, poverty eradication and inequality. We note the conferences held in Madrid in March 2007, in Sonsonate, El Salvador, in October 2007 and in Windhoek in August 2008 on international development cooperation with middle-income countries. We welcome the positive impact of expanding economic relations among middle income countries, as well as recent initiatives by the international financial institutions to enhance their facilities for them.

86. Consensus has emerged since Monterrey that countries emerging from conflict are an important part of the international agenda. Many of the poorest continue to live in post-conflict States where inadequate infrastructure and low investment prevent the delivery of basic social services and limit the productive capacity of the economy. We affirm the importance of providing seamless assistance to peacebuilding efforts, including humanitarian assistance, rehabilitation and nation-building, and assistance for governance and improvement of social and economic infrastructure. We welcome the efforts of the international community to provide flexibility to post-conflict developing countries regarding debt relief and restructuring and stress the need to continue those efforts in order to help those countries, especially those that are heavily indebted and poor, to achieve initial reconstruction for economic and social development, particularly for the early recovery period. We will step up our efforts to assist countries in accessing financing for development in the post-conflict context. In this regard, we welcome the valuable work of the United Nations Peacebuilding Commission and the Peacebuilding Fund, as well as commitments outlined in the Accra Agenda for Action.[10]

Staying engaged

87. We recommit ourselves to staying fully engaged, nationally, regionally and internationally, to ensuring proper and effective follow-up to the implementation of the Monterrey Consensus, taking into account the intergovernmentally agreed outcome document adopted at this Conference. We will also continue our unremitting efforts to build bridges between all relevant stakeholders within the holistic agenda of the financing for development process. We appreciate the role played by the United Nations as a focal point for the financing for development follow-up process. It will be important to maintain this role to ensure the continuity and dynamism of our process. We reaffirm the need to further intensify the engagement of all stakeholders, including the United Nations system, the World Bank, IMF and the World Trade Organization in the follow-up and implementation of the commitments made in Monterrey and reiterated here at Doha.

88. We recognize that maintaining a comprehensive and diverse multi-stakeholder follow-up process, including with civil society and the private sector, is critical. We also recognize the core responsibility of all participants in the financing for development process to exercise ownership of it and to implement their respective commitments. It is important that the follow-up process be undertaken in an

[10] A/63/539, annex.

integrated fashion, including through the continued engagement of all relevant ministries, in particular ministries of development, finance, trade and foreign affairs. An integrated treatment of financing for development issues in national development plans is also important in enhancing national ownership and implementation of financing for development. The international community should continue to draw upon the expertise, data and analysis available in multiple forums, while enhancing information-sharing and dialogue between the various United Nations and non-United Nations bodies that monitor progress on financing for development issues. There is substantial room to enhance the sharing of best practices.

89. We acknowledge the need for a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up, which would review progress in the implementation of commitments, identify obstacles, challenges and emerging issues and propose concrete recommendations and actions, taking into account various proposals that have been put forward. We request the Economic and Social Council to consider this matter during its spring meeting and at its substantive session of 2009, in consultation with all relevant stakeholders, with a view to making appropriate and timely recommendations for final action by the General Assembly as early as possible in its sixty-fourth session.

90. We will consider the need to hold a follow-up financing for development conference by 2013.